



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH & HUMAN SERVICES
BUREAU OF AUDIT, REIMBURSEMENT AND QUALITY ASSURANCE
CAPITOL COMMONS CENTER • 400 SOUTH PINE • LANSING, MICHIGAN 48913

NICK LYON
DIRECTOR

November 16, 2017

Rebecca Crane, Executive Director
Dial Help, Inc.
609 Shelden Avenue
Houghton, MI 49931

Dear Ms. Crane:

Enclosed is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of Dial Help, Inc.'s VOCA Program for the period October 1, 2015 through September 30, 2016.

The final report contains the following: Description of Agency; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions, Findings and Recommendations; Statement of Grant Program Revenues and Expenditures; Corrective Action Plan; and Comments and Recommendations. The Conclusions, Findings, and Recommendations are organized by audit objective. The Corrective Action Plan and Comments and Recommendations include the agency's paraphrased response to the Preliminary Analysis, and the Bureau of Audit, Reimbursement, and Quality Assurance's response to those comments where necessary.

Final reports are posted for public viewing on MDHHS's website at:
http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

Shannah Havens, CPA, CISA
Audit Manager
Population Health and Community Services Section
Bureau of Audit, Reimbursement and Quality Assurance

Enclosure

cc: Deb Hallenbeck, Director, Audit Division
James McCurtis Jr., Director, Crime Victim Services Commission
Leslie O'Rielly, VOCA Program Specialist, Crime Victim Services Commission
Nick Sekmistrz, VOCA Program Analyst, Crime Victim Services Commission
Robert Haske, Auditor, Bureau of Audit, Reimbursement and Quality Assurance
Marlene Gilpin, Administrator, Dial Help, Inc.

Audit Report

Dial Help, Inc.
Victims of Crime Act
Victim Assistance Program

October 1, 2015 – September 30, 2016



Bureau of Audit, Reimbursement, and Quality Assurance
Audit Division
November 2017

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DESCRIPTION OF AGENCY

Dial Help, Inc. is a non-profit agency under the provisions of Section 501(c) (3) of the Internal Revenue Code located in Houghton, Michigan. Dial Help, Inc. operates under the legal supervision and control of its Board of Directors which consists of seven members. The services provided by Dial Help, Inc. include: crisis counseling, crisis hotline counseling, information/referral, group treatment and support, therapy, emergency financial assistance, criminal justice support/advocacy, and assistance in filing compensation claims. These services are provided to victims of child physical abuse, domestic violence, adults molested as children, assault, child and adult sexual assault, survivors of homicide victims, violent crime, dui/dwi crashes, elder abuse and robbery for the residents of Houghton, Keweenaw, Baraga, and Ontonagon Counties.

FUNDING METHODOLOGY

The Dial Help, Inc. Victim Assistance Program is funded from local funds and a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided Dial Help, Inc. with monthly grant funding based on Financial Status Reports in accordance with the terms and conditions of the grant agreement and budget. The Victims of Crime Act (VOCA) Program was funded by Federal funding under Federal catalog number 16.575.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess Dial Help, Inc.'s financial reporting and to determine the MDHHS share of VOCA Program costs. Following are the specific objectives of the audit:

1. To assess Dial Help, Inc.'s effectiveness and accuracy in reporting their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable Federal standards, program standards and generally accepted accounting principles.
2. To determine the MDHHS share of costs and Dial Help, Inc.'s match for the VOCA Program in accordance with applicable MDHHS requirements and agreements, applicable Federal standards and program standards, as well as any balance due to or due from Dial Help, Inc.

SCOPE AND METHODOLOGY

We examined Dial Help, Inc.'s records and activities for the fiscal period October 1, 2015 through September 30, 2016. Our review procedures included the following:

- Reviewed the most recent Dial Help, Inc. Financial Statement Audit Report for any VOCA Program related concerns.
- Reviewed the most recent Crime Victim Services Commission (CVSC) site visit report.
- Reviewed the Grant Application, Budget, Program Assurances, Trial Balance and General Ledger.
- Reviewed policies to ensure they meet applicable requirements and guidelines.
- Reviewed the most recently completed Subrecipient Questionnaire and DOJ Financial Capability Questionnaire.
- Reconciled the Final VOCA Program Financial Status Report (FSR) and MDHHS payment schedule to the accounting records.
- Examined payroll records.
- Tested a sample of payroll and non-payroll expenditures for program compliance and adherence to policies, Federal and program guidelines and approval procedures.
- Reviewed required match for program compliance.
- Reviewed financial records to ensure supplanting of Federal awards did not occur.

Our audit did not include a review of program content or quality of services provided.

CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

FINANCIAL REPORTING

Objective 1: To assess Dial Help, Inc.'s effectiveness and accuracy in reporting their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable Federal standards, program standards, and generally accepted accounting principles.

Conclusion: Dial Help, Inc. generally reported their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable Federal standards, program standards, and generally accepted accounting principles. We found an exception relating to the FSR not supported by accounting records (Finding 1).

Finding

1. FSR Not Supported by Accounting Records

Dial Help, Inc.'s FSR did not reconcile with its accounting records.

Title 2 CFR 200.302(a) states that "non-Federal entity's financial management systems...must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award." Similar language can be found in the 2015 Department of Justice (DOJ) Office of Justice Programs (OJP) Financial Guide in Part II, Section 2.3, which requires an adequate accounting system that includes "Financial reporting that is accurate, current, complete, and compliant..."

During our review, we noted the following differences when we reconciled Dial Help, Inc.'s final FSR expenditure categories to its related VOCA general ledger accounts:

- Salaries and wages is higher on the general ledger by \$237.
- Fringe benefits is higher on the general ledger by \$31.
- Travel is lower on the general ledger by (\$235).
- Supplies and materials is higher on the general ledger by \$225.
- Other expenses is higher on the general ledger by \$48.

Dial Help, Inc. did not have a control in place to ensure that the FSR reconciled with its related VOCA accounting records, resulting in 5 (71.4%) of 7 incorrectly reported FSR line items. Inaccurate financial reporting may affect compliance with Federal regulation and DOJ guidance.

While the line item amounts on the FSR did not agree with the VOCA general ledger, total VOCA expenditures included in the general ledger exceed the total FSR reported amount, therefore there is no impact on grant funding. Adjustments are not shown on the Statement of Grant Program Revenues and Expenditures due to the immaterial amount (less than 1% of total VOCA expenditures).

Recommendation

We recommend that Dial Help, Inc. implement the proper controls and procedures to ensure that the FSR reconciles with its accounting records.

MDHHS SHARE OF COSTS AND BALANCE DUE

Objective 2: To determine the MDHHS share of costs and Dial Help, Inc.'s match for the VOCA Program in accordance with applicable MDHHS requirements and agreements, applicable Federal standards and program standards, as well as any balance due to or due from Dial Help, Inc.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2016, is \$47,952 and the Dial Help, Inc. required match is \$12,018. The attached Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting the VOCA Grant Program funding.

Dial Help
VOCA Crime Victim Assistance Grant
Statement of Grant Program Revenues and Expenditures
10/1/15 - 9/30/16

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$48,071	\$47,952 ¹	\$0	\$47,952
Volunteer	\$12,018	\$12,018	\$0	\$12,018
TOTAL REVENUES	\$60,089	\$59,970	\$0	\$59,970
EXPENDITURES:				
Salary & Wages	\$34,008	\$34,008	\$0	\$34,008
Fringe Benefits	\$5,588	\$5,524	\$0	\$5,524
Volunteer	\$11,164	\$11,164	\$0	\$11,164
Volunteer Fringe Benefits	\$854	\$854	\$0	\$854
Travel	\$3,380	\$1,399	\$0	\$1,399
Supplies & Materials	\$1,998	\$3,167	\$0	\$3,167
Other Expenses	\$3,097	\$3,854	\$0	\$3,854
TOTAL EXPENDITURES	\$60,089	\$59,970	\$0	\$59,970

¹ Actual MDHHS payments

Corrective Action Plan

Finding Number: 1

Page Reference: 3

Finding: **FSR Not Supported by Accounting Records**

Dial Help, Inc.'s FSR did not reconcile with its accounting records.

Recommendation: Implement the proper controls and procedures to ensure that the FSR reconciles with its accounting records.

Comments: Dial Help agrees with the finding.

Corrective Action: The Executive Director and Financial Manager will ensure that monthly expenses are properly reported on the FSR and reconcile to the general ledger.

Anticipated

Completion Date: October 19, 2017

MDHHS Response: None

Comments and Recommendations

1. Sales Tax Improperly Paid

Dial Help, Inc. did not utilize its state sales tax exemption for all VOCA expenditures. Title 2 CFR 200.470(b) (1) (i) for nonprofit organizations states that taxes are allowable expenditures unless exemptions are available to the non-Federal entity directly. The State of Michigan allows an exemption from paying sales tax for non-profit organizations. During our review, we noted 2 (25%) of 8 expenditure transactions in which \$85 in sales tax was paid by Dial Help, Inc. This is an immaterial amount and no funding corrections are required. We recommend Dial Help, Inc. implement the proper controls and procedures to ensure sales tax exemptions are obtained for all applicable purchases.

Management Response:

Dial Help agrees with this comment and will procure expenses with businesses where the tax exempt status is honored whenever possible and when it is not possible, we will ensure sales tax is not charged to the grant.

MDHHS Response:

None

2. Employee Funding Distribution Time Reports Not Properly Completed

Dial Help, Inc. did not complete its Employee Funding Distribution Time Reports (EFDTRs) properly to sufficiently support salary, wages, and fringe benefit expenditures charged to the VOCA grant. The 2015 DOJ OJP Financial Guide, Part III, Section 3.9, requires support of salaries and wages to "reflect the total activity for which the employee is compensated by the organization." Similar language can be found in the Crime Victim Assistance Grant Certified Assurances which requires the grantee to "maintain proper documentation for all paid grant staff reported." During our review, we noted that 2 (100%) of 2 EFDTRs did not record time taken for lunch. No financial adjustments are necessary for this due to the amount is immaterial and the total allowable VOCA expenditures on the general ledger are greater than the expenditures reported on the FSR. We recommend Dial Help, Inc. implement the proper controls and procedures to ensure EFDTRs are accurate and properly completed to comply with DOJ guidance and the Certified Assurance of the grant.

Management Response:

Dial Help agrees with this comment and will improve its monitoring procedures to ensure that time sheets are accurate and properly completed.

MDHHS Response:

None

3. Invoices Do Not Contain Proper Approval

Dial Help, Inc. did not obtain management approval on its invoices prior to payment. Title 2 CFR 200.302(b) states, "The financial management system of each non-Federal entity must provide for the following... (3) Records that identify adequately the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation." During our review, we noted 3 (37.5%) of 8 expenditure transactions did not have management approval on the invoice authorizing payment. Good financial controls over expenditures include a process that includes management review and approval, authorizing payments to ensure the expenditures are appropriate, recorded properly, and in compliance with federal funding requirements. We recommend Dial Help, Inc. implement appropriate controls to ensure proper management approval on its invoices prior to payment to ensure compliance with Federal regulation.

Management Response:

Dial Help agrees with this comment and will implement appropriate procedures to ensure that all invoices and expenditures are approved by management prior to payment.

MDHHS Response:

None

4. Volunteer Match Distribution Time Reports Not Properly Completed

Dial Help, Inc. did not ensure all Volunteer Match Distribution Time Report (VMDTR) fields were properly completed. The Crime Victim Assistance Grant Certified Assurances require the grantee to "maintain proper documentation for all volunteer time reported by using the Volunteer Match Distribution Time Report." During our review, we noted that 49 (100%) of 49 VMDTRs did not have the pay period ending date, volunteer signature, name, title, and date fields completed.

Good financial controls over the accuracy of grant match include completeness of time reports to ensure matching hours are accurately reported and calculated. We recommend Dial Help, Inc. implement the proper controls and procedures to ensure VMDTRs are properly completed to ensure compliance with the Certified Assurances of the grant.

Management Response:

Dial Help agrees with this comment and will continue to improve its controls and procedures to ensure Volunteer Match Distribution Time Reports are properly completed.

MDHHS Response:

None

5. Insufficient Written Procedures for Determining Cost Allowability

Dial Help, Inc. did not have sufficient policies and procedures to determine cost allowability. Title 2 CFR 200.302(b) (7) requires the financial management system provide "Written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this Part and the terms and conditions of the Federal award." Good financial controls to ensure that only allowable costs are charged to the VOCA grant, include developing procedures to determine cost allowability. We recommend Dial Help, Inc. develop sufficient written procedures for determining cost allowability to ensure compliance with Federal regulation.

Management Response:

Dial Help agrees with this comment and will update the cost allowability procedures to ensure full compliance with Federal regulation.

MDHHS Response:

None

6. Insufficient Conflict of Interest Policy

Dial Help, Inc. did not have a sufficient conflict of interest policy. Title 2 CFR 200.318(c)(1) states, "The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts." We recommend that Dial Help, Inc. update its conflict of interest policy to ensure compliance with Federal regulation.

Management Response:

Dial Help agrees with this comment and will update the conflict of interest policy to ensure compliance with Federal regulation.

MDHHS Response:

None

7. Lack of Sufficient Documented Procurement Procedures

Dial Help, Inc. did not have sufficient documented procurement procedures as required by Federal regulation. Title 2 CFR 200.318 requires documented procurement procedures that must conform to the standards identified in Parts 318-320. Minimally, the following should be considered in the written procurement procedures:

- Oversight to ensure contractors perform in accordance with contracts or purchase orders.
- Consideration should be given to the consolidation or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, purchase of Federal surplus property instead of new, entering into interagency agreements for use or procurement of commonly used goods or services, and any other appropriate analysis to determine the most economical approach.
- Award contracts on a basis other than cost alone such as integrity, record of past performance, and resources available.
- Maintaining a history of procurement including the rationale for the procurement method, contractor selection, and basis for price.
- Procedures to ensure procurement transactions are conducted in a manner providing full and open competition.
- Ensuring all solicitations incorporate a clear and accurate description of specifications and all requirements, and what bids and proposals will be evaluated on.
- Micropurchases (aggregate dollar amount \$3,000 or less) may be awarded without competitive quotes as long as the price is reasonable.
- Small purchases (aggregate dollar amount \$3,001 to \$150,000) quotations must be obtained from an adequate number of qualified sources.
- Bidding and proposal procedures in compliance with Federal regulation.

We recommend Dial Help, Inc. establish sufficient documented procurement procedures to ensure compliance with Federal procurement regulation.

Management Response:

Dial Help agrees with this comment and will update procurement procedures to ensure compliance with Federal procurement regulation.

MDHHS Response:

None

8. Lack of a Sufficient Written Travel Policy

Dial Help, Inc. did not have a sufficient written travel policy. Title 2 CFR 200.474(b) states, "Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy." During our review, we noted that the current travel policy did not include air travel guidelines. We recommend Dial Help, Inc. update its travel reimbursement policy to ensure compliance with Federal regulation.

Management Response:

Dial Help agrees with this comment and will update travel procedures to ensure compliance with Federal regulation.

MDHHS Response:

None