



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

NICK LYON
DIRECTOR

April 10, 2017

Kimberly Hurst, Founder and Executive Director
Wayne County SAFE Program
2727 2nd Avenue, Suite 300
Detroit, MI 48201

Dear Ms. Hurst:

Enclosed is our final report from the Michigan Department of Health and Human Services on-site audit of the Wayne County SAFE Program VOCA Program for the period October 1, 2014 through September 30, 2015.

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.

Further action is needed with respect to board approval for various policies and procedures as noted in the Corrective Action Plan, and Comments and Recommendations. Please ensure the approved policies and procedures are available for review during our next monitoring visit.

As noted in Finding 1, \$1,770 of unsupported and duplicate costs were reported. Since these unallowed costs were previously reimbursed, these funds are due back to the State of Michigan. Please contact Leslie O'Reilly, in the Crime Victim Services Commission to coordinate the return of funds.

Thank you for the cooperation extended throughout this audit.

Sincerely,

Debra S. Hallenbeck, Manager
Quality Assurance and Review
Bureau of Audit, Reimbursement and Quality Assurance

Enclosure

cc: Pam Myers, Director, Bureau of Audit, Reimbursement and Quality Assurance
James McCurtis Jr., Director, Crime Victim Services Commission
Leslie O'Reilly, VOCA Program Specialist, Crime Victim Services Commission
Robert Haske, Auditor, Bureau of Audit, Reimbursement and Quality Assurance
Kristin Kopp, Financial Officer, Wayne County SAFE Program

Audit Report

Wayne County SAFE
Victims of Crime Act
Victim Assistance Program

October 1, 2014 – September 30, 2015



Bureau of Audit, Reimbursement, and Quality Assurance
Quality Assurance and Review
April 2017

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DESCRIPTION OF AGENCY

Wayne County SAFE is a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code and has an office located in Detroit, Michigan. Wayne County SAFE operates under the legal supervision and control of its Board of Directors which consists of 5 members. The services provided by Wayne County SAFE include: education, information, counseling, and advocacy for victims of child sexual assault and adult sexual assault for the residents of Wayne County.

FUNDING METHODOLOGY

The Wayne County SAFE Victim Assistance Program is funded from local funds and a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided the Wayne County SAFE 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 Wayne County SAFE's financial reporting and to determine the MDHHS share of VOCA Program costs according to the applicable program regulations. The following were the specific objectives of the audit:

1. To assess Wayne County SAFE'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 Wayne County SAFE'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 Wayne County SAFE.

SCOPE AND METHODOLOGY

We examined Wayne County SAFE's records and activities for the fiscal period October 1, 2014 to September 30, 2015. Our review procedures included the following:

- Reviewed the most recent Wayne County SAFE 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 Wayne County SAFE'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: Wayne County SAFE 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. However, we identified one finding related to inadequate financial reporting (Finding 1).

Finding

1. Unsupported and Duplicate Costs Reported

Wayne County SAFE reported expenses on the FSR that were not supported by accounting records, expenses that were voided, and expenses that had already been reported in the previous month resulting in an over-reported amount of \$1,770.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements), 2 CFR 200, Part 302 (b)(2) states, "The financial management system...must provide for...Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements..." Similar language can be found in the 2014 Department of Justice (DOJ) Office of Justice Programs (OJP) Financial Guide in Section 2.3 which states, "Your system must support...Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of your award or subaward." The Uniform Requirements, Part 403(g) states that for costs to be allowable under Federal awards, they must be "adequately documented." Wayne County SAFE reported the following items on the FSR that are unallowable as they were not adequately documented:

- The FSR over stated travel when compared to the general ledger by \$1,018.
- The FSR included a \$150 checker cab expense that was voided.
- The FSR included an \$800 miscellaneous expense charge in April that was already included on the March FSR.
- The FSR included a \$98 miscellaneous expense charge in April that never cleared the bank and never got recorded on the general ledger.
- The FSR over stated fringe benefits when compared to the general ledger by \$7.

The above unallowed costs total \$2,073. However, Wayne County SAFE had supplies expenses recorded on the general ledger that were not reported in the amount of \$303 resulting in a net over-reported amount of \$1,770.

Adjustments are shown on the attached Statement of Grant Program Revenues and Expenditures.

Recommendation

We recommend Wayne County SAFE implement, in coordination with their newly implemented voided check protocol, steps to verify all amounts reported for the VOCA grant are substantiated by proper supporting documentation and recorded on the general ledger.

MDHHS SHARE OF COSTS AND BALANCE DUE

Objective 2: To determine the MDHHS share of costs and Wayne County SAFE'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 Wayne County SAFE.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2015, is \$89,826 and the Wayne County SAFE required match is \$22,457. The attached Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made adjustments that affected the VOCA Grant Program funding with \$1,770 due back (Finding 1) which lowered the MDHHS obligation from \$91,596 to \$89,826.

Wayne County SAFE
VOCA - Crime Victims Assistance Program
Statement of Grant Program Revenues and Expenditures
10/1/14 - 9/30/15

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$100,729	\$91,596 ¹	(\$1,770) ²	\$89,826
Volunteer - Match	\$25,182	\$25,104	\$0	\$25,104
TOTAL REVENUES	\$125,911	\$116,700	(\$1,770)	\$114,930
EXPENDITURES:				
Salary & Wages	\$47,500	\$47,500	\$0	\$47,500
Fringe Benefits	\$10,258	\$8,485	(\$7)	\$8,478
Volunteer Salaries & Wages	\$25,182	\$25,104	\$0	\$25,104
Supplies & Materials	\$9,560	\$9,560	\$303 ²	\$9,863
Travel	\$11,086	\$8,515	(\$1,168) ²	\$7,347
Other Costs Distributions	\$22,325	\$17,536	(\$898) ²	\$16,638
TOTAL EXPENDITURES	\$125,911	\$116,700	(\$1,770)	\$114,930

¹ Actual MDHHS payments.

² Adjust Fringe Benefits, Supplies & Materials, Travel & Other Costs to actual (Finding 1)

Corrective Action Plan

Finding Number: 1

Page Reference: 3

Finding: Unsupported and Duplicate Costs Reported

Wayne County SAFE reported expenses on the FSR that were not supported by accounting records, expenses that were voided, and expenses that had already been reported in the previous month resulting in an over-reported amount of \$1,770.

Recommendation: Implement, in coordination with their newly implemented voided check protocol, steps to verify all amounts reported for the VOCA grant are substantiated by proper supporting documentation and recorded on the general ledger.

Comments: In response to the accidental voided checks and already reported expenses a voided check protocol has been implemented. If a check has not cleared the bank within 30 days research as to why the charge is unpaid will then be performed. If the check was billed to the grant for reimbursement in the previous month, corrections will then be made within those 30 days to the financial status report to ensure the proper amounts were billed to the VOCA grant.

Corrective Action: Policies are in place for Wayne County SAFE to ensure that all charges have back up support in the month they are being billed for reimbursement. If back up documentation cannot be provided at that time, the expense will not be submitted for reimbursement at that time.

Anticipated

Completion Date: 1/1/2017 (already in place)

MDHHS Response: We were informed that the policies have not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.

Comments and Recommendations

1. General Ledger and FSR Reconciling Spreadsheet Misclassifications

Wayne County SAFE's spreadsheet to reconcile the general ledger to the FSR had expense items that were misclassified and expense items that were included in the subsequent period's general ledger. The Uniform Requirements, 2 CFR 200, Part 302 (b)(2) states, "The financial management system...must provide for...Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements..." Similar language can be found in the 2014 DOJ OJP Financial Guide in Section 2.3 which states, "Your system must support...Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of your award or subaward." Two expense items were recorded on the general ledger in October 2015, but were on the September 2015 FSR; and the reconciling spreadsheet had expense amounts classified in different categories than how they were recorded on the FSR. We were able to conclude that double reporting did not occur. However, good financial controls to ensure accuracy of accounting records and reports include making sure the reconciliations are complete and accurate. We recommend Wayne County SAFE make the necessary adjustments to the reconciliation process to ensure the FSR can be reconciled to the general ledger to ensure reported amounts are adequately supported.

Management Response:

Classifications have been added to the chart of accounts within QuickBooks to match what is laid out in the FSR to avoid further confusion with the classification of charges. Moving forward the chart of accounts will match exactly to what is recorded in QuickBooks.

MDHHS Response:

None.

2. Unsupported Employee Wage Rate Charged to the VOCA Grant

Wayne County SAFE did not have documentation to support the wage rate for the VOCA employee that was charged to the grant. The Uniform Requirements, 2 CFR 200, Part 430 (a)(3) states that costs of compensation are allowable to the extent that compensation "Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses." Part 430 (i)(1)(i) states the records must "Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated." Similar language can be found in the 2014 DOJ OJP Financial Guide in Section 3.9 that states, "Charges made to Federal awards for salaries, wages, and fringe benefits will be based on payroll records approved by a responsible official(s) and in accordance with the generally accepted practice of the organization." Without the accountability provided by this financial

control, the accuracy and completeness of accounting records is jeopardized. Also, accurate financial reporting is a requirement to comply with Federal regulations. We recommend Wayne County SAFE keep the required supporting documentation for salary charges on file to ensure accuracy and completeness of accounting records.

Management Response:

Documentation is kept to support the wage rate/salary for all employees. The comment of unsupported wages for the VOCA employee funded during this grant period was that there had been a wage/salary signature page, but the salary amount had not been updated from a previous grant year. This has since been updated and Wayne County SAFE now has a policy in place to annually review this documentation to ensure we have updated records going forward.

MDHHS Response:

We were informed that the policy has not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.

3. Employee Funding Distribution Time Report Not Maintained

Wayne County SAFE did not maintain an Employee Funding Distribution Time Report for one period out of the three tested for June 2015. The DOJ OJP Financial Guide in Section 3.9 requires support of salaries and wages to “reflect an after – the – fact distribution of the actual activity of each employee” and similar language can be found in the Crime Victim Assistance Grant Certified Assurances. The Crime Victim Assistance Grant Certified Assurances require the grantee to “maintain proper documentation for all paid grant staff reported by using the VOCA Employee Funding Distribution Time Report.” Good financial controls to ensure proper time keeping include maintaining Employee Funding Distribution Time Reports for all time charged to the grant. We recommend Wayne County SAFE implement the proper controls and procedures to ensure proper time records are maintained to comply with Federal regulation and the Certified Assurances of the grant.

Management Response:

As of September 2015, a new personnel protocol was put into place for the Employee Funding Distribution Time Report recordings as well as time cards, to ensure greater accuracy of internal record keeping. A checks and balance procedure is in place to verify each employee has maintained a 40 hour work week as well as to maintain proper documentation of Employee Funding Distribution Time Reports.

MSHHS Response:

None.

4. Employee Funding Distribution Time Report Hours Do Not Match the Wayne County SAFE Timesheets

Wayne County SAFE had two Employee Funding Distribution Time Reports, out of the two tested, that did not match what was stated on the Wayne County SAFE Timesheet. The DOJ OJP Financial Guide in Section 3.9 requires support of salaries and wages to “reflect an after – the – fact distribution of the actual activity of each employee” and similar language can be found in the Crime Victim Assistance Grant Certified Assurances. The Crime Victim Assistance Grant Certified Assurances require the grantee to “maintain proper documentation for all paid grant staff reported by using the VOCA Employee Funding Distribution Time Report.” Since the employee was salaried and charged 100% to the VOCA grant the dollar amount of the payroll was still accurate. Good financial controls over the accuracy of reported costs include completeness and accuracy of employee time records to ensure payroll is accurately reported and calculated. We recommend Wayne County SAFE implement the proper controls and procedures to ensure employee time is accurate and properly represented to comply with Federal regulation and the Certified Assurances of the grant.

Management Response:

As of September 2015, a new personnel protocol was put into place for Employee Funding Distribution Time Report recordings as well as time cards, to ensure greater accuracy of internal record keeping. A checks and balance procedure is in place to verify each employee has maintained a 40 hour work week as well as to maintain proper documentation of Employee Funding Distribution Time Reports and matching timesheets.

MDHHS Response:

None.

5. Complete Supporting Documentation Not Kept for Two Checks

Wayne County SAFE did not maintain complete supporting documentation for two checks out of the 20 that were tested. The Crime Victim Assistance Grant Certified Assurances require “proper documentation will be maintained to support charges to the VOCA Crime Victim Assistance grant.” One check was missing a parking receipt and one check was missing all four meal receipts. Good financial controls to ensure allowable costs are charged to the grant include keeping supporting documentation for all charges made to the VOCA grant. We recommend Wayne County SAFE implement the proper controls and procedures to ensure proper supporting documentation is kept for all charges to the VOCA Crime Victim Assistance grant to comply with the Certified Assurances of the grant.

Management Response:

Policies are in place for Wayne County SAFE to ensure that all charges have back up support in the month they are being billed for reimbursement. The expense will not be submitted for reimbursement until back up documentation can be provided.

MDHHS Response:

We were informed that the policy has not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.

6. Volunteer Time Reports Not Properly Completed

Wayne County SAFE did not ensure all Volunteer Match Distribution Time Reports 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.” Of the 19 Volunteer Match Distribution Time Reports sampled, 15 did not have the supervisor’s signature and date, two did not have the signature of the volunteer, and one had two different volunteer names on the time report. 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 Wayne County SAFE implement the proper controls and procedures to ensure volunteer time reports are properly completed and approved to comply with the Certified Assurances of the grant.

Management Response:

In October of 2015, Wayne County SAFE was able to hire an On-Call Crisis Coordinator, whose job description includes the responsibility to directly supervise volunteers. Part of this responsibility includes ensuring the proper completion of volunteer match distribution time reports. Prior to that, multiple other staff shared this responsibility.

MDHHS Response:

None.

7. Volunteer Failed to Turn in a Time Report

Of the 120 volunteer hours tested, three hours did not have a Volunteer Match Distribution Time Report to support the volunteer hours. 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.” Volunteer hours are accounted for on Monthly Volunteer Hour Reports, and it was noted in August of 2015 that volunteer time was counted on the Monthly Volunteer Hour Report that did not have an accompanying Volunteer Match Distribution Time Report.

Wayne County SAFE still met the match requirement since it had more volunteer hours than what was required to meet the 20% match. 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 Wayne County SAFE implement the proper controls and procedures to ensure volunteer match distribution time reports are properly completed to comply with the Certified Assurances of the grant.

Management Response:

In October 2015, Wayne County SAFE was able to hire an On-Call Crisis Coordinator, whose job description includes the responsibility to directly supervise volunteers. Part of this responsibility includes ensuring the proper completion of volunteer match distribution time reports by all volunteers. This helps to ensure that all volunteer match distribution time reports are submitted accurately and in compliance with VOCA Certified Assurances.

MDHHS Response:

None.

8. No Documented Procurement Procedures

Wayne County SAFE does not have documented Procurement Procedures as required by Federal regulation. The Uniform Requirements, 2 CFR 200, Part 318 requires documented procurement procedures, and the procedures must conform to the standards identified in Part 318. Minimally, the following should be addressed/considered in the written procurement procedures:

- Oversight to ensure contractors perform in accordance with contracts or purchase orders.
- Procedures to avoid the acquisition of unnecessary or duplicative items. 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, & 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 proposals procedures in compliance with Federal regulations.

We recommend Wayne County SAFE develop documented procurement procedures to ensure proper procurement practices are followed and to comply with Federal regulation.

Management Response:

Wayne County SAFE did not have a formal written policy for procurement procedures other than board oversight/approval of purchases greater than \$5,000 – which is documented in our by-laws. As a result of these recommendations, Wayne County SAFE now has a procurement policy that meets the federal guidelines.

MDHHS Response:

We were informed that the policy has not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.

9. No Travel Reimbursement Policy

Wayne County SAFE does not have a written travel reimbursement policy as required by Federal regulation. The Uniform Requirements, 2 CFR 200, Part 474 requires a written travel reimbursement policy. Good financial controls over reporting travel expense include the establishment of a written travel policy. We recommend Wayne County SAFE develop a written travel reimbursement policy to ensure travel expenses are properly monitored and accounted for, and to comply with Federal regulation.

Management Response:

Wayne County SAFE has had an informal policy of using state and federal travel rates for reimbursement purposes, and as a result of this audit, have formalized the policy in writing.

MDHHS Response:

We were informed that the policy has not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.

10. No Written Procedures for Determining Cost Allowability

Wayne County SAFE does not have written procedures for determining cost allowability as required by Federal regulation. The Uniform Requirements, 2 CFR 200, Part 302 (b)(7) requires "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 the allowability of costs charged to the VOCA grant include the establishment of written cost allowability procedures. We recommend Wayne County SAFE develop written procedures for determining cost allowability to ensure the allowability of cost is properly determined and to comply with Federal regulation.

Management Response:

Wayne County SAFE did not have a formal written policy for cost allowability and had utilized/referenced our actual and individual grant contracts and guidelines to determine the allowable costs to a particular grant. As a result of these recommendations, Wayne County SAFE has written a policy that meets the federal guidelines to ensure the allowability of costs to be properly determined.

MDHHS Response:

We were informed that the policy has not yet been approved by the board. Future MDHHS monitoring activities will verify approval and proper implementation.