



STATE OF MICHIGAN

RICK SNYDER  
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

NICK LYON  
DIRECTOR

February 28, 2017

Gary Guetschow, Chief Financial Officer  
The Guidance Center  
13333 Allen Road  
Southgate, MI 48195

Dear Mr. Guetschow:

Enclosed is our final report from the Michigan Department of Health and Human Services on-site audit of The Guidance Center 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; and Comments and Recommendations. The Conclusions, Findings, and Recommendations are organized by audit objective. The 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.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

A handwritten signature in blue ink that reads "Debra S. Hallenbeck".

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'Rielly, VOCA Program Specialist, Crime Victim Services Commission  
Robert Haske, Auditor, Bureau of Audit, Reimbursement and Quality Assurance  
Sherri Zacharski, Financial Director, The Guidance Center

# Audit Report

The Guidance Center  
Victims of Crime Act  
Victim Assistance Program

October 1, 2014 – September 30, 2015



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

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## **DESCRIPTION OF AGENCY**

The Guidance Center is a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Agency's administrative office is located in Southgate, Michigan. The Guidance Center operates under the legal supervision and control of the Board of Directors which consists of 13 members. The Guidance Center provides services to victims of child sexual abuse, child physical abuse, victims of violent crime and adults molested as children for the residents of Wayne County. These services include information, telephone follow-up/contact, support, therapy, and assistance in filing compensation claims to victims and their families.

## **FUNDING METHODOLOGY**

The Guidance Center Victim Assistance Program is funded from local sources and a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided The Guidance Center 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 The Guidance Center'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 The Guidance Center'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 (GAAP).
2. To determine the MDHHS share of costs and The Guidance Center'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 The Guidance Center.

## SCOPE AND METHODOLOGY

We examined The Guidance Center'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 Single Audit Report for The Guidance Center 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 make sure 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.
- Tested a sample of both 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 make sure 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 The Guidance Center's effectiveness and accuracy in reporting their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal regulations, program standards, and GAAP.

**Conclusion:** The Guidance Center reported their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal regulation, program standards, and GAAP. We noted no exceptions related to financial reporting.

### MDHHS SHARE OF COSTS AND BALANCE DUE

**Objective 2:** To determine the MDHHS share of costs and The Guidance Center'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 The Guidance Center.

**Conclusion:** The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2015, is \$340,809; and The Guidance Center match obligation is \$85,202. The attached Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting VOCA grant program funding.

**The Guidance Center**  
**VOCA - Crime Victims Assistance Program**  
**Statement of Grant Program Revenues and Expenditures**  
**10/1/14 - 9/30/15**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$340,809	\$340,809 <sup>1</sup>	\$0	\$340,809
Volunteer - Match	\$85,202	\$85,202	\$0	\$85,202
<b>TOTAL REVENUES</b>	<b>\$426,011</b>	<b>\$426,011</b>	<b>\$0</b>	<b>\$426,011</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$221,795	\$238,430	\$0	\$238,430
Fringe Benefits	\$109,204	\$92,388	\$0	\$92,388
Volunteer Salaries & Wages	\$79,147	\$79,147	\$0	\$79,147
Volunteer Fringes	\$6,055	\$6,055	\$0	\$6,055
Supplies & Materials	\$2,400	\$2,400	\$0	\$2,400
Travel	\$7,410	\$7,591	\$0	\$7,591
<b>TOTAL EXPENDITURES</b>	<b>\$426,011</b>	<b>\$426,011</b>	<b>\$0</b>	<b>\$426,011</b>

<sup>1</sup> Actual MDHHS payments.

## **Comments and Recommendations**

### **1. Incorrect Mileage Calculation and Travel Explanations Too Vague**

The Guidance Center incorrectly calculated mileage expense for the VOCA Program (3 instances out of the 19 total non-payroll transactions tested) and the Mileage Report listed travel explanations that were too vague (3 instances out of the 19 total non-payroll transactions tested). The Department of Justice (DOJ) Office of Justice Programs (OJP) Financial Guide, Part II, Section 2.3, requires an adequate accounting system to support “financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award or subaward.” Also, Section 3.9 states, “Travel expenses are allowable costs for employees who are in travel status on official business related to the award.” Mileage was charged to the grant at the same rate the Clinical Program Director’s salary expense was allocated (60%) and not the actual mileage traveled for the program. The travel explanations were too vague, and it could not be determined what travel was VOCA related resulting in the accuracy of financial reporting being jeopardized. Good financial controls over the accuracy of costs charged to the VOCA grant include making sure mileage expense and travel explanations are accurate and give sufficient detail. The amount is minor and does not require a reimbursement to CVSC. We recommend The Guidance Center implement the proper controls and procedures to ensure mileage expense is accurately calculated and sufficiently explained to comply with federal regulations.

#### **Management Response:**

The VOCA mileage for the staff member referenced above was actually higher than the amount charged to the grant. Since the staff member was only budgeted 60% to the grant, The Guidance Center allocated her mileage based on the budget. In the future, The Guidance Center will have staff complete separate mileage forms for each funding source and document more clearly the purpose.

#### **MDHHS Response:**

Completing separate mileage forms for each funding source, clearly documenting the purpose of the trip, and charging the mileage based on actual miles driven will meet the requirements stated above.

### **2. Employee Time Report Hours Do Not Match the Payroll Labor Distribution Report**

The Guidance Center had time reports that did not match what was stated on the Payroll Labor Distribution Detail Report (3 instances of the 12 paychecks tested). Sick time is not shown on Employee Funding Distribution Time Reports. The Crime Victim Assistance Grant Certified Assurances state, “The Grantee assures and certifies that it will use appropriate accounting, auditing, and monitoring procedures so that records are maintained to ensure fiscal control, proper management, and efficient distribution of the VOCA Crime Victim Assistance grant and match funds” and “The Grantee assures and certifies that it will keep Employee Funding Distribution Time Reports...for all VOCA funded staff.” Since the

employees were 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 The Guidance Center implement the proper controls and procedures to ensure employee time is accurate and properly represented to comply with the Certified Assurances of the grant.

**Management Response:**

Staff members complete accurate, detailed timesheets as part of the agency time keeping/payroll policy that clearly lists time worked, vacation, sick, etc. Since the employees were charged 100% to the grant and therefore their sick time would be paid for by the grant, The Guidance Center thought listing total hours paid by day would include sick time. The Guidance Center is now clear that sick time needs to be recorded separately on the VOCA timesheets and have trained staff on that procedure.

**MDHHS Response:**

None.

**3. Volunteer Time Reports Not Showing Correct Hour Total**

The Guidance Center did not ensure all Volunteer Match Distribution Time Reports included the correct total hours. The Crime Victim Assistance Grant Certified Assurances require the grantee to “keep...Volunteer Distribution Time Reports for all...match volunteers.” Of the 69 Volunteer Match Distribution Time Reports sampled 5 had an incorrect hour total. The Guidance Center still had more than enough volunteer hours to meet the match requirement. Good financial controls over the accuracy of grant match include the accuracy of time reports to ensure matching hours are accurately reported and calculated. We recommend The Guidance Center implement the proper controls and procedures to ensure volunteer time reports are properly completed to comply with the Certified Assurances of the grant.

**Management Response:**

Volunteer timesheets now go through multiple reviews before they are summarized to be counted as in-kind match. The volunteers will double check their sheets, and the Data Coordinator is recalculating totals to verify they are accurate.

**MDHHS Response:**

None.