



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES

LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

February 7, 2017

Art Morrow, Regional Director of Operations
Mothers Against Drunk Driving
155 South Wabasha Street #104
St. Paul, MN 55107

Dear Mr. Morrow:

Enclosed is our final report from the Michigan Department of Health and Human Services on-site audit of the Mothers Against Drunk Driving 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,

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
Angel Harris, Victim Services, Mothers Against Drunk Driving

Audit Report

Mothers Against Drunk Driving

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

Mothers Against Drunk Driving (MADD) is a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code and has an office located in Troy, Michigan. MADD operates under the legal supervision and control of its National Board of Directors which consists of 17 members. The mission of MADD is to end drunk driving, help fight drugged driving, support the victims of these violent crimes, and prevent underage drinking. The services provided by MADD include information regarding: grieving, compensation, how to cope with injuries, and the judicial process for victims of drunk and drugged driving.

FUNDING METHODOLOGY

The MADD Victim Assistance Program is funded from local sources and a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided MADD 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 MADD'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 MADD'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 MADD'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 MADD.

SCOPE AND METHODOLOGY

We examined MADD'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 MADD Single 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 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.
- Examined payroll 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 MADD's effectiveness and accuracy in reporting their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal regulation, program standards, and GAAP.

Conclusion: MADD reported their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal regulation, program standards and generally accepted accounting principles. 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 MADD'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 MADD.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2015, is \$266,544; and the MADD match obligation is \$66,636. 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.

**Mothers Against Drunk Driving
VOCA - Crime Victim Assistance Program
Statement of Grant Program Revenues and Expenditures
10/1/14 - 9/30/15**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$274,074	\$266,544 ¹	\$0	\$266,544
Volunteer - Match	\$68,519	\$66,636	\$0	\$66,636
TOTAL REVENUES	\$342,593	\$333,180	\$0	\$333,180
EXPENDITURES:				
Salary & Wages	\$209,610	\$209,457	\$0	\$209,457
Fringe Benefits	\$55,923	\$48,546	\$0	\$48,546
Volunteer Salaries & Wages	\$63,650	\$61,901	\$0	\$61,901
Volunteer Fringes	\$4,869	\$4,735	\$0	\$4,735
Travel	\$8,541	\$8,541	\$0	\$8,541
TOTAL EXPENDITURES	\$342,593	\$333,180	\$0	\$333,180

¹ Actual MDHHS payments.

Comments and Recommendations

1. Incomplete Written Procurement Procedures

MADD's written procurement procedures do not contain all of the required items as specified in federal regulation. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements), 2 CFR 200, Part 318 requires "the non-federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in this part." Minimally, the following should be addressed/considered in the documented procurement procedures (as identified in 2 CFR 200, Part 318):

- Ensuring all solicitations incorporate a clear and accurate description of specifications, all requirements, and what bids and proposals will be evaluated on.
- Bidding and proposal procedures in compliance with federal regulations.

We recommend MADD expand their documented procurement procedures to address the above items to help ensure proper procurement practices are in place and to comply with federal regulation.

Management Response:

MADD's procurement policy has been developed and provided.

MDHHS Response:

The written processes included with the Corrective Action Plan do not satisfy the Uniform Requirements, 2 CFR 200, Part 318 as the items listed above are not incorporated. MADD plans to incorporate the above items into their procurement procedures by the end of March 2017 according to our additional follow-up.

2. ADP Payroll Processing Fees Misclassified as Fringe Benefits

ADP payroll processing fees were misclassified as fringe benefits, on the VOCA budget as well as the FSR, instead of as other expenses as it should have been. 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 your award or subaward." Since the payroll processing fees were misclassified as fringe benefits, the accuracy of accounting records was jeopardized. Good financial controls include the proper identification of expenditures to help ensure accuracy and proper control over grant financial records. We recommend MADD implement the proper controls and procedures to ensure the accuracy of grant financial records to comply with federal regulation.

Management Response:

ADP fees are now added to the "other" expense category and the financial claims are reviewed by the Regional Accountant and the Senior Grant Accountant to ensure accuracy.

MDHHS Response:

None.

3. Incorrect Totals on Monthly Volunteer Total Reports

MADD creates monthly Volunteer Total Reports to summarize the total hours from all of the Volunteer Time Reports in that month. Of the nine Volunteer Total Reports that were sampled, two had an hour total that did not agree with the corresponding Volunteer Time Reports. The DOJ 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 your award or subaward." Since not all of the monthly Volunteer Total Reports reflected the actual total hours from the volunteer time reports, the accuracy of financial reporting is jeopardized. However, MADD still met the required match since the actual volunteer hours were greater than what was reported on the FSR. Good financial controls over the accuracy of costs charged to the VOCA grant include making sure volunteer hours are accurate. We recommend MADD implement the proper controls and procedures to ensure volunteer hours are accurately calculated to comply with federal regulations.

Management Response:

The volunteer name and title, volunteer signature, calculation of hours, activity description and the supervisor's signature and title will be checked and reviewed first by the supervising staff advocate, then by the lead staff member, and finally by the Regional Accountant. With three levels of review, the reports will be correct and accurate.

MDHHS Response:

None.

4. Inconsistent Volunteer Name on Time Reports

A volunteer had a different last name on the Volunteer Time Report than what was on the monthly Volunteer Total Report. The DOJ 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 your award or subaward.” Since the volunteer’s name on the monthly Volunteer Total Report did not agree with the volunteer time records, the accuracy of accounting records was jeopardized. Good financial controls over the accuracy of grant match include the proper identification of volunteers to help ensure accuracy and proper control over grant match records. We recommend MADD implement the proper controls and procedures to ensure the accuracy of volunteer time records to comply with federal regulation.

Management Response:

The volunteer name and title, volunteer signature, calculation of hours, activity description and the supervisor’s signature and title will be checked and reviewed first by the supervising staff advocate, then by the lead staff member, and finally by the Regional Accountant. With three levels of review, the reports will be correct and accurate.

MDHHS Response:

None.

5. Volunteer Time Reports Not Properly Signed

MADD had 12 instances where a supervisor did not sign and date a volunteer time report out of the 60 that were sampled. 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.” 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 MADD implement the proper controls and procedures to ensure volunteer time reports are properly signed and dated to comply with the Certified Assurances of the grant.

Management Response:

The volunteer name and title, volunteer signature, calculation of hours, activity description and the supervisor’s signature and title will be checked and reviewed first by the supervising staff advocate, then by the lead staff member, and finally by the Regional Accountant. With three levels of review, the reports will be correct and accurate.

MDHHS Response:

None.

6. Volunteer and Supervisor with Same Title on Volunteer Time Reports

MADD had 13 instances where the Volunteer Time Report lists the same "Title" for both the volunteer and the supervisor out of the 60 that were sampled. 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." Good financial controls over the accuracy of grant match include the proper identification of the titles of both volunteers and their supervisors to help ensure accuracy and proper control over grant match records. We recommend MADD implement the proper controls and procedures to ensure the accuracy of volunteer time records and to comply with the Certified Assurances of the grant.

Management Response:

The volunteer name and title, volunteer signature, calculation of hours, activity description and the supervisor's signature and title will be checked and reviewed first by the supervising staff advocate, then by the lead staff member, and finally by the Regional Accountant. With three levels of review, the reports will be correct and accurate.

MDHHS Response:

None.