



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

NICK LYON  
DIRECTOR

February 7, 2017

Amna Osman, President/CEO  
HAVEN  
801 Vanguard Drive  
Pontiac, MI 48341

Dear Ms. Osman:

Enclosed is our final report from the Michigan Department of Health and Human Services on-site audit of the HAVEN 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 the high two signature requirement threshold.

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  
Marianne Dwyer, Director of Business Operations, HAVEN



# Audit Report

## HAVEN

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**

HAVEN is a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code and is located in Pontiac, Michigan. HAVEN operates under the legal supervision and control of its Board of Directors which consist of 27 members. HAVEN provides services to victims of sexual assault and domestic violence for the residents of Oakland County. These services include shelter, counseling, court advocacy, assault response, support groups, personal protection order information and feedback programs to sexual assault and domestic violence victims.

## **FUNDING METHODOLOGY**

HAVEN services are funded from donations and grant programs. The Michigan Department of Health and Human Services (MDHHS) provided HAVEN 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 MDHHS Grant Funds and local funds. Grant funding from MDHHS for the VOCA Program is Federal funding under Federal catalog number 16.575.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess HAVEN'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 HAVEN'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 HAVEN'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 HAVEN.



## SCOPE AND METHODOLOGY

We examined HAVEN'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 HAVEN 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 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 HAVEN'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 generally accepted accounting principles.

**Conclusion:** HAVEN generally 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. However, we found one exception relating to the basis of accounting (Finding 1).



### Finding

#### 1. Cash Basis When Accrual Basis was Specified

HAVEN accounted for and reported grant expenditures under the cash basis of accounting when the grant application stated the agency was using the accrual basis of accounting.

The 2015 VOCA Grant Application stated the agency used the accrual basis of accounting, when in fact the cash basis of accounting was used to account for expenses on the general ledger and the FSR. Good financial controls over the accounting system include ensuring the basis of accounting stated on the application is the same basis used to report expenditures in the general ledger and the FSR.

### Recommendation

We recommend HAVEN implement the proper controls and procedures to ensure the method of accounting stated on the grant application is used.

## **MDHHS SHARE OF COSTS AND BALANCE DUE**

**Objective 2:** To determine the MDHHS share of costs and HAVEN'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 HAVEN.

**Conclusion:** The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2015, is \$531,746; and the HAVEN match obligation is \$132,937. 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.



**HAVEN**  
**VOCA Crime Victim Assistance Grant**  
**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	\$532,238	\$531,746 <sup>1</sup>	\$0	\$531,746
Other - Match	\$53,130	\$55,741	\$0	\$55,741
Volunteer - Match	\$79,930	\$77,196	\$0	\$77,196
<b>TOTAL REVENUES</b>	<b>\$665,298</b>	<b>\$664,683</b>	<b>\$0</b>	<b>\$664,683</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$407,139	\$404,663	\$0	\$404,663
Fringe Benefits	\$99,378	\$94,531	\$0	\$94,531
Volunteer Wages	\$74,250	\$71,712	\$0	\$71,712
Volunteer Fringe	\$5,680	\$5,484	\$0	\$5,484
Supplies & Materials	\$7,888	\$8,327	\$0	\$8,327
Travel	\$43,622	\$44,548	\$0	\$44,548
Other	\$27,341	\$35,418	\$0	\$35,418
<b>TOTAL EXPENDITURES</b>	<b>\$665,298</b>	<b>\$664,683</b>	<b>\$0</b>	<b>\$664,683</b>

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



## Corrective Action Plan

**Finding Number:** 1

**Page Reference:** 3

**Finding:** Cash Basis When Accrual Basis was Specified

HAVEN accounted for and reported grant expenditures under the cash basis of accounting when the grant application stated the agency was using the accrual basis of accounting.

**Recommendation:** Implement the proper controls and procedures to ensure the method of accounting stated on the grant application is used.

**Comments:** Overall, HAVEN uses accrual based accounting methods for financial reporting on the Form 990 and audited financial statements. Since the VOCA Program grant is awarded on a cost reimbursement basis, the cash basis of accounting is used when recording expenses for reimbursement through the VOCA Program.

**Corrective Action:** For purposes of the VOCA grant application, a procedure will be put in place to double check the accuracy of accounting method.

### Anticipated

**Completion Date:** Correction can be made to the application with the next amendment requested for the FY 2016-17 fiscal award or on the application for funding for the FY 2017-18 award period.

**MDHHS Response:** None.



## Comments and Recommendations

### 1. Insufficient Procurement Procedures

HAVEN's Purchasing/Procurement Policies do not contain all elements as required by federal regulation. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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.
- 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 HAVEN expand their documented procurement procedures to include the above items to ensure proper procurement practices are followed and to comply with federal regulation.

#### Management Response:

HAVEN, Inc. has elected to delay implementation of the Uniform Grant Guidance (2 CFR 200) procurement requirements, and will continue to follow current procurement policies. HAVEN will have these requirements implemented beginning July 1, 2017.



**MDHHS Response:**

None.

**2. Incorrect Mileage Calculation**

HAVEN calculated the mileage reimbursement incorrectly on two out of the 30 non-payroll checks that were sampled. 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." Since not all of the travel expense forms were calculated correctly, the accuracy of financial reporting is jeopardized. Good financial controls over the accuracy of costs charged to the VOCA grant include making sure mileage expense is accurate. We recommend HAVEN implement the proper controls and procedures to ensure mileage expense is accurately calculated to comply with federal regulations.

**Management Response:**

HAVEN recognizes the importance of accuracy in financial reporting. HAVEN considers this an isolated incident, brought this discrepancy to the attention of their Quality Assurance Council, and will continue their diligence in adhering to their internal controls and procedures as of the date of this response.

**MDHHS Response:**

None.

**3. Incorrect Totals on Monthly Volunteer Total Reports**

HAVEN's monthly Volunteer Total Reports (that summarize the total hours from all of the Volunteer Time Reports in that month) did not agree with the Volunteer Time Reports. Of the 11 Volunteer Total Reports that were sampled, three 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 the 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, HAVEN 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 HAVEN implement the proper controls and procedures to ensure volunteer hours are accurately calculated to comply with federal regulations.



**Management Response:**

HAVEN recognizes the importance of accuracy in reporting volunteer hours for match on the VOCA program. Since the volunteer hours reported on the VOCA FSR were actually less than what was on the monthly volunteer total report, HAVEN feels this was an isolated incident in which the financial reporting was actually underreported and did not cause an overstatement of match. HAVEN has reviewed this discrepancy with the Volunteer/Intern Manager to ensure proper reporting is always a priority in adhering to their internal controls and procedures as of the date of this response.

**MDHHS Response:**

None.

**4. Employee Funding Distribution Time Report Not Maintained**

HAVEN did not maintain Employee Funding Distribution Time Reports as required by 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.” For the two pay periods in June 2015 we reviewed, we noted that the required Employee Funding Distribution Time Report was not maintained for one employee for one pay period. We recommend HAVEN implement the proper controls and procedures to ensure proper time records are maintained to comply with the Certified Assurances of the grant.

**Management Response:**

HAVEN recognizes the importance of accuracy in maintaining proper documentation for all grant staff paid by the VOCA program. HAVEN considers this an isolated incident, brought this discrepancy to the attention of their Quality Assurance Council, and will continue to enhance their diligence in adhering to their internal controls and procedures as of the date of this response.

**MDHHS Response:**

None.

**5. Employee Time Report Hours Do Not Match the Updated Payroll Timesheet Report**

HAVEN had two employees who had time reports that did not match what was stated on the updated payroll timesheet report. 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 HAVEN 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:**

Since the employees that were affected by this discrepancy were salaried and charged 100% to the VOCA program, the payroll costs were still accurately reported. HAVEN recognizes that the completeness and accuracy of employee time records is critical for assuring the proper distribution of costs to the VOCA program. HAVEN has a secondary process that recaptures any missing timesheet information prior to processing the next payroll so that records are reflected accurately. HAVEN considers this an isolated incident, brought this discrepancy to the attention of their Quality Assurance Council, and will continue their diligence in adhering to their internal controls and procedures as of the date of this response.

**MDHHS Response:**

None.

**6. Improper Volunteer Time Records**

HAVEN did not use the Volunteer Match Distribution Time Reports to document all volunteer time reported as required by the Crime Victim Assistance Grant Certified Assurances. 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 over 2,600 volunteer hours reported from July 2015 to September 2015, 308 hours were not reported on a Volunteer Match Distribution Time Report. Instead, e-mails and sign in sheets were used. Good financial controls over the accountability of volunteer hours used as match for the VOCA grant include ensuring volunteer time records are accounted for as required by the Certified Assurances of the grant. We recommend HAVEN implement the proper controls and procedures to ensure proper volunteer time records are kept for all hours accounted for under the grant to comply with the Certified Assurances of the grant.

**Management Response:**

HAVEN recognizes the importance of accuracy in reporting volunteer hours for match on the VOCA program. HAVEN has reviewed this discrepancy as of the date of this response with the Volunteer/Intern manager to ensure proper reporting is always a priority in adhering to their internal controls and procedures.



**MDHHS Response:**

None.

**7. Volunteer Time Reports Not Properly Signed**

HAVEN did not ensure all Volunteer Match Distribution Reports were properly signed. Of the 210 sampled, we noted one instance where a volunteer did not sign and date their time report and one instance where a supervisor did not sign and date a time report. 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 HAVEN 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:**

HAVEN recognizes the importance of maintaining proper documentation for all volunteer time reported. HAVEN considers this an isolated incident, brought this discrepancy to the attention of the Volunteer/Intern Manager as of the date of this response and will enhance their diligence in adhering to their established internal controls and procedures.

**MDHHS Response:**

None.

**8. High Two Signature Requirement Threshold**

HAVEN only requires two signatures on checks over \$10,000. Good financial controls over cash include procedures to ensure all disbursements are properly approved. Since the dollar threshold for the two signature requirement is high, effective internal controls over the grant funds are not in place. We recommend HAVEN develop a more reasonable dollar threshold, such as \$3,000, for requiring checks to have two signatures to ensure proper cash management procedures are in place.

**Management Response:**

As part of HAVEN's financial policies, there are multiple controls in place for the \$10,000 threshold for dual signatures for the disbursements cycle that include but are not limited to a third person who performs the bank reconciliations separate from the weekly disbursements process. HAVEN will review this policy recommendation with the Finance Committee and Board of Directors in 2017.



**MDHHS Response:**

None.

**9. No Approval for Check Request**

HAVEN did not have proper internal controls in place to ensure payments had proper approvals. Good financial controls over expenditures include proper approval before checks are written to help ensure accuracy and proper control over federal funding and financial records. Of the 30 disbursements reviewed, we identified one check request form that did not have the supervisor's approval. Since a check request form was not approved by a supervisor, effective internal controls over the federal award were not in place. We recommend HAVEN implement the necessary controls to ensure proper approval of all checks written and proper controls over cash.

**Management Response:**

HAVEN recognizes the importance of accuracy in financial reporting and following established policies and procedures. HAVEN considers this an isolated incident and follows proper controls and procedures on a regular basis. HAVEN brought this discrepancy to the attention of their Quality Assurance Council and will enhance their diligence in adhering to their internal controls and procedures as of the date of this response.

**MDHHS Response:**

None.