



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ROBERT GORDON  
DIRECTOR

April 16, 2019

Thomas Crothers, Vice President of Finance and Investments  
Battle Creek Community Foundation  
34 West Jackson Street  
Battle Creek, Michigan 49017

Dear Mr. Crothers:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of Battle Creek Community Foundation VOCA Kalamazoo Antiterrorism Emergency Project for the period October 1, 2016 through September 30, 2017.

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 Comment and Recommendation. The Comment and Recommendation includes the agency's paraphrased response to the Preliminary Analysis.

Final reports are posted for public viewing on the MDHHS website at:  
[http://www.michigan.gov/mdhhs/0,5885,7-339-73970\\_43164-151236--,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html).

Thank you for the cooperation extended throughout this audit.

Sincerely,

Shannah M. Havens, CPA, CISA  
Audit Section Manager  
Population Health and Community Services Programs Section  
Audit Division

Attachment

cc: Debra Hallenbeck, Director, Audit Division  
Paula Kaiser Van Dam, Director, Bureau of Community Services  
Debi Cain, Director, Division of Victim Services  
Leslie O'Reilly, VOCA Program Specialist, Crime Victim Services Commission  
Nicholas Sekmistrz, VOCA Grant Compliance Analyst, Crime Victim Services Commission  
Patsy Baker, Departmental Manager, Division of Victim Services  
Karen Porter, Division of Victim Services  
Robert Haske, Senior Auditor, Population Health and Community Services Programs Section  
Annette Chapman, Grants Administrator, Battle Creek Community Foundation  
Erin Tonda, Project Director, Battle Creek Community Foundation

# Audit Report

Battle Creek Community Foundation  
Victims of Crime Act  
Victim Assistance Program

March 1, 2017 – September 30, 2017



Bureau of Audit  
Audit Division  
April 2019

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## **DESCRIPTION OF AGENCY**

The Battle Creek Community Foundation (Agency), a Michigan non-profit organization, is a public foundation established to aggregate funds that was created by individuals, families and corporations, to benefit programs and services primarily for residents in the Battle Creek, Michigan area. The Agency's office is located in Battle Creek, Michigan. A volunteer board of local leaders, representing the interests of the Battle Creek community, governs the Community Foundation's administration and distribution of funds. The services provided by the Agency for the Kalamazoo Antiterrorism Emergency Project Grant include providing long-term support services for victims and witnesses of the shootings and victims of the bicycling incident, including victims and witnesses of the events that followed during the pursuit and apprehension of the suspect. The Agency provides program services in Calhoun and Kalamazoo Counties.

## **FUNDING METHODOLOGY**

The Agency's Victim Assistance Program is funded from a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided the Agency with monthly grant funding based on Financial Status Reports in accordance with the terms and conditions of the grant agreement and budget. The 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 Agency's financial reporting and to determine the MDHHS share of costs according to the agreement and program standards and regulations. The following were the specific objectives of the audit:

1. To assess the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.
2. To determine the MDHHS share of costs in accordance with MDHHS requirements and agreements, Federal standards and program standards and any balance due to or due from the Agency.

## SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal period March 1, 2017 to September 30, 2017. Our audit procedures included the following:

- Reviewed the Grant Agreement, 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.
- Reconciled the Final VOCA Program Financial Status Report (FSR) and MDHHS payment schedule to the accounting records.
- Tested a selection of payroll and non-payroll expenditures for program compliance; and adherence to policies, Federal and program guidelines and approval procedures.
- 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 the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.

**Conclusion:** The Agency was effective and accurate in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles. We identified no exceptions related to financial reporting.

### MDHHS SHARE OF COSTS AND BALANCE DUE

**Objective 2:** To determine the MDHHS share of costs in accordance with MDHHS requirements and agreements, Federal standards and program standards and any balance due to or due from the Agency.

**Conclusion:** The MDHHS obligation for fiscal year ended September 30, 2017, is \$66,426. The attached Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments.

**Battle Creek Community Foundation  
VOCA Kalamazoo Antiterrorism Emergency Project  
Statement of Grant Program Revenues and Expenditures  
3/1/17 - 9/30/17**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$500,000	\$66,426 <sup>1</sup>	\$0	\$66,426
<b>TOTAL REVENUES</b>	\$500,000	\$66,426	\$0	\$66,426
<b>EXPENDITURES:</b>				
Salary & Wages	\$48,000	\$42,486	\$0	\$42,486
Fringe Benefits	\$6,000	\$3,359	\$0	\$3,359
Travel	\$2,000	\$821	\$0	\$821
Supplies & Materials	\$2,500	\$1,971	\$0	\$1,971
Contractual	\$30,000	\$5,970	\$0	\$5,970
Equipment	\$0	\$0	\$0	\$0
Other Expenses	\$366,500	\$5,780	\$0	\$5,780
Indirect Costs	\$45,000	\$6,039	\$0	\$6,039
<b>TOTAL EXPENDITURES</b>	\$500,000	\$66,426	\$0	\$66,426
<sup>1</sup> Actual MDHHS payments.				

## Comment and Recommendation

### 1. No Travel Policy

The Agency did not have a written travel policy. Title 2 CFR 200.474 Travel Costs states that travel costs may be charged provided the costs are in accordance with the “non-Federal entity’s written travel reimbursement policies.” We recommend that the Agency implement a travel policy to ensure compliance with Federal regulation.

**Agency Response:** The Agency is currently writing a travel policy. This policy is scheduled to be reviewed and approved by the Board of Trustees in June 2019.

**Person Responsible for Implementation:** Senior Vice President, President & CEO and AccessPoint (HR service provider)

**Anticipated Completion Date:** June 2019