



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH & HUMAN SERVICES
BUREAU OF AUDIT, REIMBURSEMENT AND QUALITY ASSURANCE
CAPITOL COMMONS CENTER • 400 SOUTH PINE • LANSING, MICHIGAN 48913

NICK LYON
DIRECTOR

March 14, 2018

Emily Hoover, Interim Executive Director
Baraga County Shelter Home, Inc.
P.O. Box 10
L'Anse, MI 49946

Dear Ms. Hoover:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of the Baraga County Shelter Home, Inc. VOCA Program for the period October 1, 2015 through September 30, 2016.

The final report contains the following: Description of Agency; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions; Statement of Grant Program Revenues and Expenditures; and Comments and Recommendations. The Conclusions are organized by audit objective. The Comments and Recommendations include the agency's response to the Preliminary Analysis, and the Bureau of Audit, Reimbursement, and Quality Assurance's response to those comments where necessary.

Final reports are posted for public viewing on MDHHS's website at:
http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html.

Thank you for the cooperation extended throughout this audit.

Sincerely,

A handwritten signature in black ink that reads "Shannah M. Havens".

Shannah Havens, CPA, CISA
Audit Manager
Population Health and Community Services Section
Bureau of Audit, Reimbursement and Quality Assurance

cc: Deb Hallenbeck, Director, Audit Division
James McCurtis Jr., Director, Crime Victim Services Commission
Leslie O'Reilly, VOCA Program Specialist, Crime Victim Services Commission
Nicholas Sekmistrz, Analyst, Crime Victim Services Commission
Ronald Puruleski, Auditor, Bureau of Audit, Reimbursement and Quality Assurance
Cindi Parker, Governing Board Director, Baraga County Shelter Home, Inc.

Audit Report

Baraga County Shelter Home, Inc.

Victim of Crime Act (VOCA)

Victim Assistance Program

October 1, 2015 – September 30, 2016



Bureau of Audit, Reimbursement, and Quality Assurance

Audit Division

March 2018

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DESCRIPTION OF AGENCY

Baraga County Shelter Home, Inc. is organized as a private, non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code and is located in L'Anse, Michigan. Baraga County Shelter Home, Inc. operates under the legal supervision and control of its Board of Directors which consists of six members.

Baraga County Shelter Home, Inc. provides services to victims of domestic violence and adult sexual assault for the residents of Baraga County. These services include crisis intervention with a hotline, emergency housing, and support groups for both domestic violence and sexual assault victims.

FUNDING METHODOLOGY

Baraga County Shelter Home, Inc. is funded with donations and grant programs. The Michigan Department of Health and Human Services (MDHHS) provided Baraga County Shelter Home, Inc. with monthly grant funding based on Financial Status Reports in accordance with the terms and conditions of the grant agreement and budget. The Victim 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 Baraga County Shelter Home, Inc. financial reporting and to determine the MDHHS share of VOCA Program costs according to the applicable program regulations. Following are the specific objectives of the audit:

1. To assess Baraga County Shelter Home, Inc. effectiveness and accuracy in reporting their VOCA Program financial activity to MDHHS in accordance with applicable Department of Health and Human Services requirements and agreements, applicable Federal and program standards, and generally accepted accounting principles.
2. To determine the MDHHS share of costs and the Baraga County Shelter Home, Inc. match for the VOCA Program in accordance with applicable MDHHS requirements and agreements, applicable Federal and program standards, as well as any balance due to or due from Baraga County Shelter Home, Inc.

SCOPE AND METHODOLOGY

We examined the Baraga County Shelter Home, Inc. records and activities for the fiscal period October 1, 2015 to September 30, 2016. Our review procedures included the following:

- Reviewed the most recent Baraga County Shelter Home, Inc. 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 the Baraga County Shelter Home, Inc. 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 both payroll and non-payroll expenditures for program compliance; and adherence to policies 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 Baraga County Shelter Home, Inc. effectiveness in reporting their VOCA Program financial activity to MDHHS in accordance with applicable Department of Health and Human Services requirements and agreements, applicable Federal and program standards, and generally accepted accounting principles.

Conclusion: Baraga County Shelter Home, Inc. reported their VOCA Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable Federal 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 the Baraga County Shelter Home, Inc. match for the VOCA Program in accordance with applicable MDHHS requirements and agreements, applicable Federal and program standards, and any balance due to or due from the Baraga County Shelter Home, Inc.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2016, is \$62,944; and the Baraga County Shelter Home, Inc. required match is \$15,736. The attached Statement of MDHHS Grant Program Revenues and Expenditures shows the budgeted, reported, audit adjustments, and allowable costs. The audit made no adjustments affecting VOCA grant program.

Baraga County Shelter Home, Inc.
VOCA Crime Victim Assistance Grant
Statement of Grant Program Revenues and Expenditures
10/1/15 - 9/30/16

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$65,000	\$62,944 ¹		\$62,944
Local Funds - Other	\$0	\$0		\$0
Volunteer - Match	\$16,250	\$15,736		\$15,736
TOTAL REVENUES	\$81,250	\$78,680	\$0	\$78,680
EXPENDITURES:				
Salary & Wages	\$38,480	\$38,406		\$38,406
Fringe Benefits	\$9,145	\$9,095		\$9,095
Volunteer Wages	\$15,095	\$14,618		\$14,618
Volunteer Fringe	\$1,155	\$1,118		\$1,118
Travel	\$7,485	\$8,016		\$8,016
Supplies & Materials	\$8,552	\$5,992		\$5,992
Contractual	\$0	\$0		\$0
Equipment	\$0	\$0		\$0
Other Expenses	\$1,338	\$1,435		\$1,435
Indirect Costs	\$0	\$0		\$0
TOTAL EXPENDITURES	\$81,250	\$78,680	\$0	\$78,680

¹ Actual MDHHS payments.

Comments and Recommendations

1. FSR Not Supported by Accounting Records

Baraga County Shelter Home, Inc.'s FSR did not reconcile to its accounting records. Title 2 CFR 200.302(a) states that the "...non-federal entity's financial management systems...must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to federal statutes, regulations, and the terms and conditions of the federal award." Similar language can be found in the 2015 Department of Justice (DOJ) Office of Justice Programs (OJP) Financial Guide in Part II, Section 2.3, which requires an adequate accounting system that includes "Financial reporting that is accurate, current, complete, and compliant...."

During our reconciliation of Baraga County Shelter Home, Inc.'s general ledger to its final FSR, we noted that VOCA revenue was overstated by \$1,765 in the general ledger. Baraga County Shelter Home, Inc. recorded its year-end receivable based on estimated year-end VOCA expenditures, however the actual expenditures reported were \$1,765 lower than the estimated amount recorded in its general ledger. Subsequent to our review, Baraga County Shelter Home, Inc. corrected the year-end receivable entry in its general ledger, therefore there is no impact on grant funding.

We recommend that Baraga County Shelter Home, Inc. implement the proper controls and procedures to ensure that the FSR reconciles with its accounting records.

Management Response:

BCSH agrees that proper controls and procedures should be implemented and will ensure that the FSR reconciles with our accounting records. The year-end receivable entry in the general ledger has been corrected and BCSH now employs a part-time Financial Manager, who together with the Executive Director work to ensure proper procedures are implemented.

MDHHS Response:

None

2. Lack of Sufficient Documented Procurement Procedures

Baraga County Shelter Home, Inc. did not have sufficient documented procurement procedures as required by Federal regulation. Title 2 CFR 200.318 requires documented procurement procedures in compliance with the standards identified in 2 CFR 200.318-320. Specifically, the policy is lacking verbiage contained in 2 CFR 200.318(d): "The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach." We recommend Baraga County Shelter Home, Inc. update its procurement procedures to include all the procurement required language to ensure compliance with Federal regulation.

Management Response:

BCSH agrees that our procurement procedures should be updated to include all the required language to ensure compliance with Federal regulation. We will add the required language to our procurement procedures, upon approval by the Board of Directors, and anticipate doing so by May 1, 2018.

MDHHS Response:

None