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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH & HUMAN SERVICES
BUREAU OF AUDIT
P.O. BOX 30815; LANSING, MICHIGAN 48909

NICK LYON
DIRECTOR

November 21, 2018

Qiana Rivers, Grant Coordinator
City of Detroit
DPD, Attention: Grants and Contracts
1301 Third Street
Detroit, Michigan 48226

Dear Ms. Rivers:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) audit of the City of Detroit VOCA Program 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; Summary of Amount Due, Corrective Action Plans; and Comments and Recommendations. The Conclusions, Findings, and Recommendations are organized by audit objective. The Corrective Action Plans and Comments and Recommendations include the agency's paraphrased response to the Preliminary Analysis.

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,

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

Attachment

cc: Deb 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 Contract Analyst, Crime Victim Services Commission
Patsy Baker, Division of Victim Services
Karen Porter, Division of Victim Services
Robert Haske, Auditor, Population Health and Community Services Programs Section
Lisa Jones, Chief Financial Officer, City of Detroit
Felicia Andrews, OCFO-Controller, City of Detroit
Sharrecc Farris, Division Director, City of Detroit
Felicia Jenkins, Head Social Worker/Program Director, City of Detroit

Audit Report

City of Detroit
Victims of Crime Act
Victim Assistance Program

October 1, 2016 – September 30, 2017



Bureau of Audit
Audit Division
November 2018

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DESCRIPTION OF AGENCY

The City of Detroit is governed by a Mayor, who is elected on an at-large basis for a four-year term, and a City Council comprised of nine members elected by district for four-year terms. The services provided by the City of Detroit from the Victims of Crime Act (VOCA) funds are information and referral, personal advocacy/accompaniment, emotional support or safety services and justice system assistance for the victims of adult sexual assault, adults sexually abused/assaulted as children, child physical abuse or neglect, child sexual abuse/assault, domestic and/or family violence, elder abuse or neglect, human trafficking, stalking/harassment, survivors of homicide victims, teen dating victimization and families of missing children and adults.

FUNDING METHODOLOGY

The City of Detroit Victim Assistance Program is funded from local funds and a grant program from the Michigan Department of Health and Human Services (MDHHS). MDHHS provided the City of Detroit 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 City of Detroit's financial reporting and to determine the MDHHS share of VOCA Program costs according to the agreement and applicable program regulations. The following were the specific objectives of the audit:

1. To assess the City of Detroit's effectiveness and accuracy in reporting its 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 the City of Detroit'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 City of Detroit.

SCOPE AND METHODOLOGY

We examined the City of Detroit's records and activities for the fiscal period October 1, 2016 to September 30, 2017. Our audit procedures included the following:

- Reviewed the most recent City of Detroit Single Audit and Financial Statement Audit Report for any VOCA Program related concerns.
- 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 and DOJ Financial Capability 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 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 the City of Detroit'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.

Conclusion: The City of Detroit was generally effective and accurate 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. We identified the following exceptions: Insufficient contract monitoring (Finding 1) and insufficient documentation to support personal service contractors' payments (Finding 2).

Finding

1. Insufficient Contract Monitoring

The City of Detroit did not adequately monitor its personal service contracts to ensure the individuals sufficiently performed the VOCA Crime Victims Assistance contractual scope of services.

The 2015 Department of Justice (DOJ) Grants Financial Guide, Part III, Section 3.8 states, “Recipients or subrecipients must also ensure that contractors perform in accordance with the terms, conditions and specifications of their awards.” The VOCA Grant Agreement, Part II, Section III Assurances, I. Subcontracts, states, “For any subcontracted service, activity or product, the Grantee will ensure...4. That any billing or request for reimbursement for subcontract costs is supported by a valid subcontract and adequate source documentation on costs and services.” In addition, the City of Detroit Grants Management Standard Operating Procedures (SOP) Manual, Section 4.2: Subrecipient Monitoring states, “Organizations that qualify as a contractor will be subject to ongoing contract monitoring by the Office of Contracting and Procurement (OCP) as well as the grantee department.”

The City of Detroit entered into personal service contracts with four individuals to provide the following services for the VOCA Crime Victim Assistance Program: Homicide Advocate/Driver, Homicide Advocate, Trauma Therapist, and a Domestic Violence Advocate. The contracts include an exhibit that explains the contractual scope of service and lists the tasks related to each of the positions and the maximum amount of money the contractor could be paid during the term of the contract. During our review, we noted that all four contractors received bi-weekly payments during the contract terms, but only one (25%) of the four contractors was monitored for acceptable performance. The lack of monitoring could result in the reporting of unallowed expenditures.

Recommendation

We recommend that the City of Detroit implement sufficient monitoring procedures over its personal service contracts to ensure compliance with DOJ Guidelines and terms of the Grant agreement.

Finding

2. Insufficient Documentation to Support Personal Services Contractors' Payments

The City of Detroit did not maintain sufficient documentation to support its personal services contractors' biweekly payments.

The VOCA Grant Agreement, Part II, Section III Assurances, I. Subcontracts states, “For any subcontracted service, activity or product, the Grantee will ensure...4. That any billing or request for reimbursement for subcontract costs is supported by a valid subcontract and adequate source documentation on costs and services.” Additionally, 2 CFR 200.403(g) requires that costs be “adequately documented” to be allowable.

During our review, we noted that the VOCA Program's Employee Funding Distribution Time Reports (EFDTRs) are used to support payments to contractors under personal service contracts, but 228.5 (3%) of the 6,668.5 hours reported and paid to contractors were not supported on EFDTRs. This resulted in an overpayment of \$4,640 to the contractors. Adjustments are shown on the Statement of Grant Program Revenues and Expenditures and Summary of Amount Due.

Recommendation

We recommend that the City of Detroit implement sufficient controls and procedures to ensure sufficient documentation is maintained to support its personal services contractors' payments to ensure compliance with the VOCA Grant Agreement.

MDHHS SHARE OF COSTS AND BALANCE DUE

Objective 2: To determine the MDHHS share of costs and the City of Detroit'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 City of Detroit.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2017, is \$703,265 and the City of Detroit's required match is \$175,816. The Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made adjustments that affected the VOCA Program funding with \$4,640 in unsupported costs, and \$3,712 of this represents the MDHHS share and is due back to CVSC (Finding 2).

City of Detroit
VOCA Crime Victim Assistance Grant
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$908,761	\$706,977 ¹	(\$3,712)	\$703,265
Local Funds	\$153,762	\$133,342	(\$928)	\$132,414
Volunteer - Match	\$73,428	\$43,402	\$0	\$43,402
TOTAL REVENUES	\$1,135,951	\$883,721	(\$4,640)	\$879,081
EXPENDITURES:				
Salary & Wages	\$499,241	\$461,107	\$0	\$461,107
Fringe Benefits	\$161,668	\$131,713	\$0	\$131,713
Volunteer Wages	\$68,210	\$40,318	\$0	\$40,318
Volunteer Fringe	\$5,218	\$3,084	\$0	\$3,084
Travel	\$12,033	\$9,454	\$0	\$9,454
Supplies & Materials	\$78,099	\$20,153	\$0	\$20,153
Contractual	\$209,832	\$137,787	(\$4,640) ²	\$133,147
Equipment	\$94,164	\$77,361	\$0	\$77,361
Other Expenses	\$7,486	\$2,744	\$0	\$2,744
TOTAL EXPENDITURES	\$1,135,951	\$883,721	(\$4,640)	\$879,081

¹ Actual MDHHS payments.

² Insufficient Documentation to Support Personal Services Contractors' Payments (Finding 2)

City of Detroit
VOCA - Crime Victim Assistance Grant
Summary of Amount Due
10/01/2016 - 09/30/2017

Description	FSR	General Ledger	Difference Between FSR and General Ledger	Unsupported Costs	Difference Including Unsupported Costs	Amount Due (CVSC)/ City of Detroit (80%)	Cash Match (20%)
Salaries & Wages	461,107	461,107	-	-	-	-	-
Fringe Benefits	131,713	131,713	-	-	-	-	-
Travel	9,454	9,454	-	-	-	-	-
Supplies & Materials	20,153	20,153	-	-	-	-	-
Contractual (1)	137,787	137,787	-	(4,640)	(4,640)	(3,712)	(928)
Equipment	77,361	77,361	-	-	-	-	-
Other Expenses	2,744	2,744	-	-	-	-	-
Difference	840,319	840,319	-	(4,640)	(4,640)	(3,712)	(928)

(1) Insufficient Documentation to Support Personal Services Contractors' Payments (Finding 2)

Corrective Action Plan

Finding Number: 1

Page Reference: 3

Finding: **Insufficient Contract Monitoring**

The City of Detroit did not adequately monitor its personal service contracts to ensure the individuals sufficiently performed the VOCA Crime Victims Assistance contractual scope of services.

Recommendation: Implement sufficient monitoring procedures over its personal service contracts to ensure compliance with DOJ Guidelines and terms of the Grant agreement.

Comments: Agree

Corrective Action: Personal Service Contracts are currently monitored by the Detroit Police Department Grant Coordinator and Senior Social Workers. The Senior Social Worker conducts ongoing monitoring and prepares written evaluation of all contractors' performance as outlined by the scope of services.

Person Responsible for Implementation: Felicia Jenkins, DPD Program Director/Head Social Worker

Anticipated Completion Date: October 2017

Corrective Action Plan

Finding Number: 2

Page Reference: 3

Finding: **Insufficient Documentation to Support Personal Service Contractors' Payments**

The City of Detroit did not maintain sufficient documentation to support its personal services contractors' biweekly payments.

Recommendation: Implement sufficient controls and procedures to ensure sufficient documentation is maintained to support its personal services contractors' payments to ensure compliance with the VOCA Grant Agreement.

Comments: Agree

Corrective Action: Personal Service Contractors are paid through the City of Detroit's payroll system. The payroll system utilizes a time clock which requires contractors to clock in and clock out. This time is monitored and approved by DPD Supervisory staff. Time records are recorded and retrievable in report form from the payroll system. The Social Worker will also verify that all VOCA EFDTR's are properly completed as well.

Person Responsible for Implementation: Felicia Jenkins, DPD Program Director/Head Social Worker and DPD Supervisory Payroll Staff

Anticipated Completion Date: October 2017

Comments and Recommendations

1. Contractors Not Verified for Exclusions and Disqualifications

The City of Detroit did not verify that all of its contractors were not excluded or disqualified prior to entering into the covered transactions. Title 2 CFR 180.300 states, “When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.” Title 2 CFR 180.220(b) states, “Specifically, a contract for goods or services is a covered transaction if any of the following applies: (1) The contract is awarded by a participant in a non-procurement transaction...and the amount of the contract is expected to equal or exceed \$25,000.” Also, the City of Detroit’s Office of Contracting and Procurement Standard Operating Procedure Manual, Section 4.3 states, “In addition to these supplier-submitted forms, the Contracting and Procurement Specialist must check the following databases to ensure the supplier is in good standing: (a) Sam.gov (confirms that the supplier has not been debarred).” During our review, we noted that in two (50%) of four contracts sampled, the City of Detroit did not verify that the contractors were not suspended, debarred or otherwise excluded prior to entering into the 2017 contracts. We recommend that the City of Detroit implement the proper controls and procedures to ensure contractors are verified as not excluded or disqualified before entering into covered transactions to ensure compliance with federal regulation and the City of Detroit’s Office of Contracting and Procurement Standard Operating Procedure Manual.

Management Response: The City of Detroit agrees with this comment. The City of Detroit Police Department Human Resources Bureau (HRB) is responsible for the hiring process for all Personal Service Contracts (PSC) under this grant. The HRB procedures include utilization of the nationwide NeoGov applicant management, recruitment and selection system, and checks of relevant federal and local databases, including SAM.gov.

**Person Responsible
for Implementation:**

Brian R. Tennille, Employee Services Manager I

Anticipated

Completion Date:

October 2017

2. Lack of Documentation for the Contractor Solicitation and Selection Process

The City of Detroit did not document or maintain records to support that its personal services contractor solicitation and selection process complied with federal regulations. Title 2 CFR 200.318(i) requires the entity to “maintain records sufficient to detail the history of procurement. These records will include...rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.” Part 200.319 states, “(a) All procurement transactions must be conducted in a manner providing full and open

competition...(d) The non-Federal entity must ensure that all prequalified lists of persons...are current and include enough qualified sources to ensure maximum open and free competition.” During our review, we noted that the City of Detroit did not provide sufficient documentation to support its rationale for the method of procurement, contractor selection and rejection methodology and proof of full and open competition for any of the four personal service contracts. We recommend the City of Detroit implement necessary procedures to retain sufficient documentation for the contractors’ solicitation and selection process to ensure compliance with federal regulations.

Management Response: The City of Detroit agrees with this comment. The HRB is now responsible for the hiring process for all PSCs covered under this grant. Recruitments, for all positions, under the grant are entered into our nationwide NeoGov applicant management, recruitment, and selection system. Placing job postings in this system ensures that PSC positions have an open competitive recruitment and selection process, and an audit trail, with documentation to support hiring decisions.

**Person Responsible
for Implementation:**

Brian R. Tennille, Employee Services Manager I

Anticipated

Completion Date:

October 2017

3. Insufficient Supporting Documentation for Fringe Benefit Allocations (Repeat Comment)

The City of Detroit did not provide sufficient documentation to support the fringe benefits allocated to VOCA. Title 2 CFR 200.431(d) states, “Fringe benefits may be assigned to cost objectives by identifying specific benefits to specific individual employees or by allocating on the basis of entity-wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees, unless the non-Federal entity demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees.” The 2015 DOJ Grants Financial Guide, Part III, Section 3.9 states, “Charges must be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated.” Although fringe benefit sheets were provided showing the rates to be used in the allocation of FICA and Health Insurance benefits, these rates did not support the dollar amount of benefits allocated to the VOCA Program. No funding adjustments are necessary as the amount calculated was greater than what was reported. This issue was also cited in our FYE 2016 audit report. The Corrective Action in that audit report stated, “The City is implementing a new time and attendance management system that is expected to go live September 2017 that will address the concerns in this recommendation. Also, the Grants and Contracts Unit has implemented the practice of a tiered review of time and attendance reports, financial reporting, and reimbursement requests. The tiered

review is performed by the Grants and Contracts Unit, the Office of the Controller – Grants Accounting, and the Office of Grants Management. In addition, formal policies and procedures are being developed.” Due to the timing of the FYE 2017 audit, the City of Detroit had not had time to correct the issue. We again recommend the City of Detroit implement the proper controls and procedures to ensure proper documentation is available to support the allocation of fringe benefits to comply with Federal regulation and DOJ guidelines.

Management Response: The City of Detroit agrees with this comment. The percentage provided by Grants & Contracts staff on the application will be used for reimbursement requests. If the actual rate paid by the City of Detroit is less than the calculated rate, the lesser of the two rates will be requested.

**Person Responsible
for Implementation:**

Keisha Pierce, Supervisor, Grants Accounting

Anticipated

Completion Date:

October 2018

4. EFDTRs Did Not Represent All Hours Compensated (Repeat Comment)

The City of Detroit did not maintain EFDTRs that accurately represent all hours compensated. Title 2 CFR 200.430(i) (1) states, “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must...(iii.) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity.” Similarly, 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.” During testing it was noted that seven (26%) of the 27 EFDTRs tested did not contain all hours compensated. Sufficient documentation was received to support the hours compensated that were not included on the EFDTR. This issue was also cited in our FYE 2016 audit report. The Corrective Action in that audit report stated, “The City is implementing a new time and attendance management system that is expected to go live September 2017 that will address the concerns in this recommendation. Also, the Grants and Contracts Unit has implemented the practice of a tiered review of time and attendance reports, financial reporting, and reimbursement requests. The tiered review is performed by the Grants and Contracts Unit, the Office of the Controller – Grants Accounting, and the Office of Grants Management. In addition, formal policies and procedures are being developed.” Due to the timing of the FYE 2017 audit, the City of Detroit had not had time to correct the issue. We again recommend the City of Detroit implement the proper controls and procedures to ensure employee time is properly represented to comply with federal regulation and the Certified Assurances of the grant.

Management Response: The City of Detroit agrees with this comment. All VOCA employees will utilize the VOCA EFDTR to record time charged to the grant. Forms will be reviewed by staff for completeness, accuracy and compliance.

**Person Responsible
for Implementation:**

Felicia Jenkins, DPD Program Director/Head Social Worker and DPD Supervisory Staff

Anticipated

Completion Date:

October 2017

5. Volunteer Hours Not Accounted for on Volunteer Match Distribution Time Reports

The City of Detroit did not use the Volunteer Match Distribution Time Reports (VMDTRs) to document volunteers' time. The Crime Victim Assistance Grant Certified Assurances state, "The Grantee assures and certifies it will maintain proper documentation for all...volunteer time reported by using the...Volunteer Match Distribution Time Report." During our review, we noted the City of Detroit used a volunteer sign-in sheet to support 240 volunteer hours reported on its FSR. As a result, the following fields were missing: CVA Project #, Project Period, Source (what program the volunteer hours were for), volunteer title, volunteer signature date, supervisor signature, supervisor title and supervisor signature date. We recommend that the City of Detroit document volunteer time on VMDTRs and complete all required fields to ensure compliance with the Grant's Certified Assurances.

Management Response: The City of Detroit agrees with this comment. The City of Detroit Police Department currently uses the Volunteer Match Distribution Time Reports (VMDTRs) to document volunteers' time. Forms are completed by both volunteers and DPD Supervisory Staff.

**Person Responsible
for Implementation:**

Felicia Jenkins, DPD Program Director/Head Social Worker and DPD Supervisory Staff

Anticipated

Completion Date:

October 2017

6. Insufficient Equipment Policy

The City of Detroit did not have a sufficient documented equipment policy. Title 2 CFR 200.313 outlines equipment and other capital expenditure minimum requirements in reference to management: "(d) Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements: (1) Property records must be maintained that include a description of the property, a

serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of property.” During our review, we noted that the City of Detroit’s capital asset policy did not include all of the requirements outlined under management of capital assets and equipment as referenced above. We recommend that the City of Detroit update its capital asset and equipment policy to include the language referenced above to ensure compliance with federal regulation.

Management Response: The City of Detroit agrees with this comment. The City of Detroit Capital Asset Procedure will be updated within the next six months to require that grant funded assets recorded in the City’s capital asset system include the source of funding for the property (including the FAIN), who holds title and the percentage of federal participation in the project costs for the federal award under which the property was acquired, and use and condition of the property. Remaining fields have historically been required fields, i.e., description, serial number, acquisition date, cost, location and ultimate disposition data including the date of disposal and sale price of the property.

**Person Responsible
for Implementation:**

Jude Katatumba, Manager, Office of Controller

**Anticipated
Completion Date:**

May 2019