



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES

LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

February 20, 2019

Janie Bergeron, Executive Director
Green Gables Haven
P.O. Box 388
Hastings, Michigan 49058

Dear Ms. Bergeron:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of Green Gables Haven VOCA Targeted Victim Services 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 Comments and Recommendations include 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.

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
Anna Piscopo, Financial Officer, Green Gables Haven
Christy Liabenow, Project Director, Green Gables Haven

Audit Report

Green Gables Haven

Victims of Crime Act
Victim Assistance Program

October 1, 2016 – September 30, 2017



Bureau of Audit

Audit Division
February 2019

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DESCRIPTION OF AGENCY

Green Gables Haven (Agency) is organized as a not-for-profit agency under the provisions of Section 501(c) (3) of the Internal Revenue Code. The Agency's office is located in Hastings, Michigan. The Agency operates under the legal supervision and control of its Board of Directors which consists of 12 members. The domestic and/or family violence services provided by the Agency include information and referral, personal advocacy, emotional support and/or safety services, emergency shelter, relocation assistance, and criminal civil justice system assistance for the victims of domestic and/or family violence for the residents of Barry County.

FUNDING METHODOLOGY

The Agency's 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 Agency 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 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 and the Agency's match 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 October 1, 2016 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 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 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 generally effective 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 the following exceptions: FSR not supported by accounting records (Finding 1) and insufficient records to support salary and fringe benefits (Finding 2).

Finding

1. FSR Not Supported by Accounting Records

The Agency's FSR did not reconcile with its accounting records.

Title 2 CFR 200.302 states, "(a)...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. (b) The financial management system of each non-Federal entity must provide for the following... (2) Accurate, current, and complete disclosure of the financial results of each Federal award... (3) Records that identify adequately the source and application of funds... (4) Effective control over, and accountability for, all funds, property, and other assets."

It also states in the 2015 Department of Justice (DOJ) Grants Financial Guide, Part II, Section 2.3, "...subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. ...and the system must support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements...and accounting systems should be able to account for award funds separately (no commingling of funds)."

During our initial reconciliation, we noted the following discrepancies when we reconciled the final FSR expenditure line items to the related VOCA Program general ledger accounts:

- Salaries and wages is higher on the general ledger by \$1,418
- Fringe Benefits is higher on the FSR by \$12,022
- Supplies and Materials is higher on the FSR by \$742
- Travel is higher on the FSR by \$338
- Other Expenses is higher on the FSR by \$138

Subsequent to our reconciliation, we noted that \$1,418 in salaries and wages were incorrectly recorded to the VOCA cost center and \$12,130 in VOCA fringe benefits were not recorded to the VOCA cost center. We made the adjustments and determined that the Agency overreported \$1,110 of total program expenditures on its final FSR.

The Agency did not have sufficient controls in place to ensure that the FSR reconciled with its VOCA Program accounting records. Also, the Agency did not design an accounting system to sufficiently track its VOCA program expenditures. Adjustments are shown on the Statement of Grant Program Revenues and Expenditures and the Summary of Amount Due.

Recommendation

We recommend that the Agency implement an accounting system to sufficiently track and report VOCA Program expenditures. We also recommend that the Agency implement sufficient controls and procedures to ensure that the FSR reconciles with accounting records to ensure compliance with Federal regulation and DOJ guidance.

Finding

2. Insufficient Records to Support Salary and Fringe Benefits

The Agency did not maintain sufficient records to support salary and fringe benefits.

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." Also, the 2015 Department of Justice (DOJ) Grants Financial Guide, Part II, Section 3.9 Allowable Costs states, "Charges made to Federal awards for salaries, wages, and fringe benefits must be based on records that accurately reflect the work performed...documentation for

charges must be incorporated into the official records of the organization. Support must reasonably reflect the total activity for which the employee is compensated by the organization and cover both federally funded and all other activities. The records may include the use of subsidiary records as defined in the organization's written policies. Where grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives."

During our review of April 2017's payroll, we noted that one (13%) of eight VOCA Program employees tested did not have any detailed timesheets that accurately reflected the work performed and to support the salary and fringe benefits reported to the VOCA Program.

No funding adjustments are necessary since other documentation was submitted to support the salary and fringe benefit allocation for this individual.

Recommendation

We recommend that the Agency document and implement a policy to ensure all detailed timesheets are completed to reflect employees' actual time worked. We also recommend that the Agency maintain its salary, wages and fringe benefit documentation to support the expenditures reported to the VOCA Program to ensure compliance with Federal regulation and DOJ Guidelines.

MDHHS SHARE OF COSTS AND BALANCE DUE

Objective 2: To determine the MDHHS share of costs and the Agency's match 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 \$104,880 and the Agency's required match is \$26,220. The Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made adjustments affecting VOCA grant program funding, and \$888 is due back to MDHHS (Finding 1).

Green Gables Haven
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	\$145,470	\$105,768 ¹	(\$888)	\$104,880
Local Funds - Other	\$24,277	\$20,213	(\$222)	\$19,991
Volunteer - Match	\$12,091	\$6,229	\$0	\$6,229
TOTAL REVENUES	\$181,838	\$132,210	(\$1,110)	\$131,100
EXPENDITURES:				
Salary & Wages	\$104,138	\$84,539	\$0	\$84,539
Fringe Benefits	\$15,234	\$14,637	\$108 ²	\$14,745
Volunteer Wages	\$11,232	\$5,786	\$0	\$5,786
Volunteer Fringe	\$859	\$443	\$0	\$443
Contractual	\$15,166	\$8,760	\$0	\$8,760
Supplies & Materials	\$3,348	\$2,022	(\$742) ²	\$1,280
Travel	\$4,183	\$468	(\$338) ²	\$130
Other Expenses	\$12,246	\$4,102	(\$138) ²	\$3,964
Indirect Costs	\$15,432	\$11,453	\$0	\$11,453
TOTAL EXPENDITURES	\$181,838	\$132,210	(\$1,110)	\$131,100

¹ Actual MDHHS payments.

² FSR Not Supported by Accounting Records (Finding 1)

Green Gables Haven
VOCA Crime Victim Assistance Grant
Summary of Amount Due
10/1/2016 - 09/30/2017

Description	FSR	General Ledger	Difference Between FSR and General Ledger	Adjustments from Testing	Difference Including Adjustments	Amount Due CVSC (80%)	Cash Match (20%)
Salaries & Wages (1)	84,539	85,957	1,418	(1,418)	0	0	0
Fringe Benefits (1)	14,637	2,615	(12,022)	12,130	108	86	22
Travel (1)	468	130	(338)	0	(338)	(270)	(68)
Supplies & Materials (1)	2,022	1,280	(742)	0	(742)	(594)	(148)
Contractual	8,760	8,760	0	0	0	0	0
Other Expenses (1)	4,102	3,964	(138)	0	(138)	(110)	(28)
Indirect Costs	11,453	11,453	0	0	0	0	0
Total Difference			(11,822)	10,712	(1,110)	(888)	(222)

Corrective Action Plan

Finding Number: 1

Page Reference: 2

Finding: **FSR Not Supported by Accounting Records**

The Agency's FSR did not reconcile with its accounting records.

Recommendation: Implement an accounting system to sufficiently track and report VOCA Program expenditures. Also, implement sufficient controls and procedures to ensure that the FSR reconciles with accounting records to ensure compliance with Federal regulation and DOJ guidance.

Comments: Agree

Corrective Action: All VOCA expenditures are now tracked through QuickBooks classification. We also created an expenditure tracking template spreadsheet to assist in reconciling the accounting records to the FSR. In addition, we will maintain paper copies which will be provided upon request.

Person Responsible for Implementation: Anna Piscopo, Financial Director

Anticipated Completion Date: October 2018

Corrective Action Plan

Finding Number: 2

Page Reference: 3

Finding: **Insufficient Records to Support Salary and Fringe Benefits**

The Agency did not maintain sufficient records to support salary and fringe benefits.

Recommendation: Document and implement a policy to ensure all detailed timesheets are completed to reflect employees' actual time worked. Also, maintain salary, wages and fringe benefit documentation to support the expenditures reported to the VOCA Program to ensure compliance with Federal regulation and DOJ Guidelines.

Comments: Agree

Corrective Action: Implementation of procedures that require a time sheet for all VOCA funded staff.

Person Responsible for Implementation: Anna Piscopo, Financial Director

Anticipated Completion Date: February 2018

Comments and Recommendations

1. Insufficient Records to Support Volunteer Hours

The Agency did not use Volunteer Match Distribution Time Reports (VMDTRs) to document all volunteer 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 a pro bono attorney volunteered approximately 108 hours in 2017; however, the Agency did not use the VMDTR to document the volunteer's time. No funding adjustments are necessary since other documentation supported the reported match amount. We recommend that the Agency document all volunteer time on VMDTRs to ensure compliance with the Grant's Certified Assurances.

Management Response: The Agency agrees with this comment. Volunteer Match Distribution Time Reports will be used to account for all volunteer hours going forward.

Person Responsible

for Implementation: Anna Piscopo, Financial Director

Anticipated

Completion Date: February 2019

2. Insufficient Documented Procurement Procedures

The Agency did not have sufficient documented procurement procedures. Title 2 CFR 200.318 requires documented procurement procedures in compliance with the standards identified in 2 CFR 200.318-.320. The following should be addressed in the documented procurement procedures:

- 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.
- Items purchased under the micropurchase method may be awarded without competitive quotes as long as the price is reasonable.
- Items purchased under the small purchase method requires quotations from an adequate number of qualified sources.
- Bidding and proposal procedures in compliance with Federal regulation.

We recommend that the Agency establish sufficient documented procurement procedures to ensure compliance with Federal procurement standards.

Management Response: The Agency agrees with this comment. Following the audit, we reviewed and updated the policy to reflect the necessary elements.

Person Responsible

for Implementation: Janie Bergeron, Executive Director

Anticipated

Completion Date: February 2018

3. Invoices Did Not Contain Proper Authorization

The Agency did not document management authorization on all invoices prior to payment. Title 2 CFR 200.302(b) states, "The financial management system of each non-Federal entity must provide for the following... (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation." During our review, we noted that 13 (76%) of 17 invoices did not have documented management approval prior to payment. We recommend that the Agency implement appropriate controls and procedures to ensure documented management approval on all invoices prior to payment to ensure compliance with Federal regulation.

Management Response: The Agency agrees with this comment. All VOCA related invoices are signed by the Executive Director.

Person Responsible

for Implementation: Janie Bergeron, Executive Director

Anticipated

Completion Date: February 2018

4. Sales Tax Improperly Paid

The Agency did not utilize its state sales tax exemption for all VOCA expenditures. Title 2 CFR 200.470(b) (1) (i) for nonprofit organizations states that taxes are allowable expenditures unless exemptions are available to the non-Federal entity. The State of Michigan allows an exemption from paying sales tax for nonprofit organizations. During our review, we noted that the Agency paid sales tax for five (29%) of 17 expenditure transactions. The amount is immaterial and no funding corrections are required. We recommend that the Agency implement the proper controls and procedures to ensure sales tax exemptions are used for all applicable purchases.

Management Response: The Agency agrees with this comment. Procedures have been implemented to ensure sales tax is not being paid and reported as a VOCA expense.

Person Responsible

for Implementation: Anna Piscopo, Financial Director and Janie Bergeron, Executive Director

Anticipated

Completion Date: December 2018

5. Employee Time Reports Not Properly Completed

The Agency did not ensure the full completion of employee time records for salary, wages, and fringe benefit expenditures charged to the VOCA grant. The Crime Victim Assistance Grant Certified Assurances require the grantee to “maintain proper documentation for all paid grant staff and volunteer time reported by using the VOCA Employee Funding Distribution Time Report.” During our review, we noted that 14 (100%) of 14 employee time reports did not include the CVA number or VOCA project award number. We also noted that 11 (79%) of 14 employee time reports did not include the supervisor’s signature, title and date approving the employees’ hours worked during the pay period. We recommend that the Agency implement the proper controls and procedures to ensure employee time reports are properly completed to comply with the Certified Assurances of the Grant.

Management Response: The Agency agrees with this comment. Procedures have been implemented to ensure all VOCA employee time reports are properly completed.

Person Responsible

for Implementation: Anna Piscopo, Financial Director

Anticipated

Completion Date: February 2018