



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 15, 2018

Ashley Johnson, Assistant Director
Wayne County Prosecutor's Office
1441 Saint Antoine, Room 1125
Detroit, MI 48066

Dear Ms. Johnson:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) on-site audit of the Wayne County Prosecutor's Office 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 paraphrased 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
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Audit Report

Wayne County Prosecutor's Office
Victims of Crime Act
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

Wayne County is governed by a Chief Executive Officer, who is elected on an at-large basis for a four-year term and a County Commission comprised of 15 members elected by district on a partisan basis for two-year terms. The Wayne County Prosecutor's Office is part of the general fund of Wayne County which is the reporting entity, and the administrative office is located in Detroit, Michigan. The Wayne County Prosecutor's Office operates under the supervision of the citizens of Wayne County, since it is an elected position. The services provided by the Wayne County Prosecutor's Office from the Victims of Crime Act (VOCA) funds are education, advocacy, assistance in filing compensation claims, and counseling for the victims of child physical abuse, child sexual abuse, domestic violence, adult sexual assault, and elder abuse.

FUNDING METHODOLOGY

The Wayne County Prosecutor's Office 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 Wayne County Prosecutor's Office 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 Wayne County Prosecutor's Office 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 the Wayne County Prosecutor's Office 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 the Wayne County Prosecutor's Office 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 Wayne County Prosecutor's Office.

SCOPE AND METHODOLOGY

We examined the Wayne County Prosecutor's Office records and activities for the fiscal period October 1, 2015 to September 30, 2016. Our audit procedures included the following:

- Reviewed the most recent Wayne County Single Audit and Financial Statement 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 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 Wayne County Prosecutor's Office 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 Wayne County Prosecutor's Office generally reported 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 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 Wayne County Prosecutor's Office 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 Wayne County Prosecutor's Office.

Conclusion: The MDHHS obligation under the VOCA Program for fiscal year ended September 30, 2016, is \$627,949 and the Wayne County Prosecutor's Office required match is \$156,987. The Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting VOCA grant program funding.

**Wayne County Prosecutor's Office
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	\$800,000	\$627,949 ¹	\$0	\$627,949
Local Funds - Cash	\$191,388	\$154,172	\$0	\$154,172
Volunteer - Match	\$8,612	\$2,815	\$0	\$2,815
TOTAL REVENUES	\$1,000,000	\$784,936	\$0	\$784,936
EXPENDITURES:				
Salary & Wages	\$541,643	\$452,324	\$0	\$452,324
Fringe Benefits	\$426,662	\$314,078	\$0	\$314,078
Volunteer	\$8,000	\$2,615	\$0	\$2,615
Volunteer Fringe Benefits	\$612	\$200	\$0	\$200
Travel	\$17,224	\$11,505	\$0	\$11,505
Supplies & Materials	\$5,859	\$4,214	\$0	\$4,214
TOTAL EXPENDITURES	\$1,000,000	\$784,936	\$0	\$784,936

¹ Actual MDHHS payments.

Comments and Recommendations

1. Fringe Benefits Not Recorded in a VOCA Cost Center

The Wayne County Prosecutor's Office did not properly develop separate account codes to track local and Federal funding sources for VOCA staffs' fringe benefits in its accounting system. Also, Wayne County Prosecutor's Office did not have sufficient procedures in place to identify and properly report VOCA match fringe benefit expenditures on its FSR. Title 2 CFR 200.302 (a) states that 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."

During our review, we noted that the Wayne County Prosecutor's Office recorded 17 employees' salary and fringe benefit expenditures to its local match account, however only 3 of the 17 were classified as VOCA staff. The total salary amount for the three VOCA staff reconciled to the general ledger, however the fringe benefits were not recorded for each individual employee but as one lump sum. As a result, the fringe benefit expense for the three local funded VOCA staff did not reconcile between the general ledger and amount reported as local match on its FSRs. While the fringe benefit line item amount reported as local match on the FSRs did not reconcile with the VOCA general ledger, total VOCA expenditures included in the general ledger exceeded the total FSR reported amount therefore there is no impact on grant funding. We recommend the Wayne County Prosecutor's Office implement sufficient procedures to identify, track and properly report VOCA match fringe benefit expenditures recorded to each funding source to ensure compliance with Federal regulation.

Management's Response:

The Wayne County Prosecutor's Office agrees with this comment. The Senior Accountant will create a "Billing Sheet" to track the salaries and fringe benefits for each employee recorded in the 22904 business unit, which is utilized as the in-kind match cost center. The implementation of the procedure started 10/1/17.

MDHHS Response:

None

2. Actual VOCA Fringe Benefit Expenditures Not Reported on FSR

The Wayne County Prosecutor's Office did not report its actual fringe benefit expenditures charged to the VOCA Program. The MDHHS Grant Agreement, Part IV Financial Requirements, Section C. Financial Status Report Submission states: "The monthly FSRs must reflect total actual program expenditures, regardless of the source of funds." During our review, we noted that the Wayne County Prosecutor's Office reported its hospital insurance fringe benefit rate at 29.3%. However, Wayne County's actual fringe benefit rate for hospital insurance was 33.17% for fiscal year 2015-16. We also noted that the VOCA approved budget rate was 34%. The hospital fringe benefit amount reported was \$17,505 less than the actual VOCA expense. Wayne County Prosecutor's Office reported the lower amount so they would not exceed the approved budgeted amount, however, the approved budgeted rate was higher than the actual rate. We recommend that the Wayne County Prosecutor's Office report its actual fringe benefits expenditures recorded to the VOCA Program to ensure compliance with Federal regulation.

Management Response:

The Wayne County Prosecutor's Office agrees with this comment. The actual fringe benefit rates fluctuate throughout the year as it is based on a percentage of salaries. During this audit period, the county implemented changes that caused the fringe rates to decline drastically. A reconciliation of the billed fringes to actual incurred costs resulted in an adjustment to the FSR, however no documentation was retained to support this reduced amount. Effective 10/1/17 all documentation to support the fringe benefit rate will be retained and available upon request.

MDHHS Response:

None

3. Employee Funding Distribution Time Reports Not Properly Completed

The Wayne County Prosecutor's Office did not complete all fields in its Employee Funding Distribution Time Reports (EFDTRs) to properly support salary, wages, and fringe benefit expenditures charged to the VOCA grant. The 2015 DOJ OJP Financial Guide, Part III, Section 3.9, requires support of salaries and wages to "reflect the total activity for which the employee is compensated by the organization." Similar language can be found in the Crime Victim Assistance Grant Certified Assurances which requires 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 3 (9%) of 33 EFDTRs did not include the CVA number and 1 (3%) of 33 EFDTRs did not include the supervisor's signature, title, and date. Good financial controls over the accuracy of reported costs include completing employee time records to ensure payroll is properly reported and

calculated. We recommend that the Wayne County Prosecutor's Office implement the proper controls and procedures to ensure EFDTRs are properly completed for compliance with both DOJ guidelines and the grant's Certified Assurances.

Management Response:

The Wayne County Prosecutor's Office agrees with this comment. Effective 10/1/17 the EFDTRs will be reviewed by the Victim Services Supervisor to ensure the CVA number is on all reports and signed with the title and date. To enhance internal control, the program manager will review the report for accuracy before filing.

MDHHS Response:

None

4. Mileage Reimbursement Not Calculated Correctly

The Wayne County Prosecutor's Office did not properly calculate a travel reimbursement for mileage. Title 2 CFR 200.302(b) states, "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 or program." The 2015 DOJ OJP Financial Guide, Part II, Section 2.3, states, "All recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them...An adequate accounting system can be used to generate reports required by award and Federal regulations. Your system must support all of the following: Financial reporting that is accurate, current, complete and compliant with all financial reporting requirements of your award or subaward." During our review we noted that one reimbursement included mileage from home to work and return, resulting in an overpayment of \$20. No funding adjustment is necessary as the amount is immaterial. We recommend that the Wayne County Prosecutor's Office implement the proper controls and procedures to ensure mileage is correctly calculated and recorded to ensure compliance with Federal regulation and DOJ guidelines.

Management Response:

The Wayne County Prosecutor's Office agrees with this comment and believes this was an isolated incident. The County has implemented a policy to ensure mileage is correctly calculated and recorded. All mileage reimbursement forms must be approved by the employee's immediate supervisor before reimbursement will be processed. The supervisor must verify the reasonableness of reported mileage to ensure compliance with the policy, including the submission of all required information, supporting documentation and making sure calculations are accurate before approving a mileage reimbursement request, and these changes are effective immediately.

MDHHS Response:

None

5. Local Match Not Reported at Actual

The Wayne County Prosecutor's Office did not report actual local match expenditures on its June FSR. The Crime Victim Assistance Grant Certified Assurances states, "The Grantee assures and certifies that Financial Status Reports (FSRs) shall be prepared and submitted to report total actual expenditures and value of volunteer in-kind contributions regardless of the source of funds." During our review, we noted that Wayne County Prosecutor's Office recorded \$11,477 in VOCA local match expenditures but only reported \$10,704 on its June FSR. We recommend that the Wayne County Prosecutor's Office report actual expenditures, including all applicable match, on the FSR to ensure compliance with the Grant Certified Assurances.

Management Response:

The Wayne County Prosecutor's Office agrees with this comment. Previous instructions were to cap in-kind match at 20% on a monthly basis, however, we will change our practice to report match at actual each month in compliance with MDHHS policy. Implemented as of 10/1/17.

MDHHS Response:

All VOCA expenditures and sources of funds (including local, state, federal and all others) including all match must be reported. MDHHS acknowledges that previous instructions were inconsistent with this requirement with the 20% cap on in-kind match. A letter to all VOCA grantees explaining the new reporting and budget amendment instructions is forthcoming.