



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

August 29, 2019

Ms. Melissa Middaugh, Project Director
Delta County Prosecutor's Office
310 Ludington Street
Escanaba, Michigan 49829

Dear Ms. Middaugh:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) audit of Delta County Prosecutor's Office VOCA Targeted Victim Services Grant for the period January 1, 2017 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 Corrective Action Plan. The Conclusions, Findings, and Recommendations are organized by audit objective.

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
Public Health and Community Services Programs Section
Audit Division

Attachment

cc: Debra Hallenbeck, Director, Audit Division
Debi Cain, Director, Division of Victim Services
Crime Victim Services Commission Mailbox
Loryn Shafer, Department Analyst, Division of Victim Services
Patsy Baker, Departmental Manager, Division of Victim Services
Karen Porter, Division of Victim Services
Robert Haske, Senior Auditor, Public Health and Community Services Programs Section
Philip Strom, Financial Officer, Delta County Prosecuting Attorney's Office
Brett Gardner, Prosecuting Attorney, Delta County Prosecuting Attorney's Office

Audit Report

Delta County Prosecutor's Office
Victims of Crime Act
Victim Assistance Program

January 1, 2017 through September 30, 2017



Bureau of Audit
Audit Division
August 2019

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DESCRIPTION OF AGENCY

The Delta County Prosecuting Attorney is the chief law enforcement official in the County. The Prosecuting Attorney oversees the Prosecutor's Office which is located in the Delta County Courthouse in Escanaba, Michigan. The Prosecuting Attorney is an elected official with a four-year term of office as provided by the Michigan Constitution. The Prosecutor's Office (Agency) provides, among other things, services to victims of crime in Delta County.

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 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 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 January 1, 2017 through 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 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 generally 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 one exception related to the Agency's accounting system (Finding 1).

Finding

1. Insufficient Accounting System

Federal Agency	U.S. Department of Justice
Federal Sub-Tier	Office of Justice Programs
Federal Program Title	Crime Victim Assistance
CFDA Number	16.575
Project Title	Victim Assistance Program
Federal Grant Award Number	2015-VA-GX-0044
Federal Grant Award Period	10/01/2014 – 09/30/2018
MDHHS Agreement Number	E2017649-00
MDHHS Agreement Period	01/01/2017 – 09/30/2017
MDHHS VOCA CVA Number	21170-1V15
Final Federal Expenditures After Audit	\$ 17,827
Final Federal Match After Audit	\$ 4,457
Total Amount Disallowed	\$ 0
Portion of Federal Expenditures Due (80%)	\$ 0
Portion of Federal Match Due (20%)	\$ 0
Repeat Finding	No

The Agency did not properly develop an accounting system structure or separate cost centers to sufficiently track VOCA funded expenditures and grant revenue in its accounting system.

Title 2 CFR 200.302(b) requires the financial management system of the non-federal agency to provide for "(1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. . . (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program . . . (3) Records that identify adequately the source and application of funds for federally-funded activities." Also, the 2017 Department of Justice (DOJ) Financial Guide in Part II, Section 2.3 requires, "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 for a recipient must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards, programs, and subrecipients.”

During our review, we noted that the Agency did not record its VOCA expenditures in a separate cost center to sufficiently reconcile the FSR to the accounting records. The Agency developed only one general fund to account for all of the agency’s expenditures and revenues. We noted for salaries and wages that the Agency added VOCA to its description; however, for all other reported expenditures the Agency highlighted the specific VOCA expenses on its trial balance to support the expenditures reported on their FSR. We determined that the Agency reported allowable VOCA expenditures on its FSR, and additional expenditures were funded by local funding.

Recommendation

We recommend that the Agency establish an adequate financial management system to separately account for VOCA funded activity as required by Federal regulations.

MDHHS SHARES OF COST

Objective 2: To determine the MDHHS shares of cost 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 \$17,827. The attached Statement of Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. There were no adjustments as a result of the audit.

**Delta County Prosecutor's Office
VOCA Targeted Victim Services Grant
Statement of Grant Program Revenues and Expenditures
1/1/2017- 09/30/17**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$ 17,827	\$ 17,827 ¹		\$ 17,827
Local Funds	\$ 2,490	\$ -		\$ -
Volunteer - Match	\$ 1,967	\$ 4,457		\$ 4,457
TOTAL REVENUES	\$ 22,284	\$ 22,284	\$ -	\$ 22,284
EXPENDITURES:				
Salaries and Wages	\$ 15,681	\$ 14,820		\$ 14,820
Fringe Benefits	\$ 1,341	\$ 1,267		\$ 1,267
Volunteer	\$ 1,827	\$ 4,140		\$ 4,140
Volunteer Fringe Benefits	\$ 140	\$ 317		\$ 317
Travel	\$ 1,170	\$ 1,108		\$ 1,108
Supplies and Materials	\$ 278	\$ 632		\$ 632
Contractual	\$ -	\$ -		\$ -
Equipment	\$ -	\$ -		\$ -
Other Expenses	\$ -	\$ -		\$ -
Indirect Costs	\$ 1,847	\$ -		\$ -
TOTAL EXPENDITURES	\$ 22,284	\$ 22,284	\$ -	\$ 22,284

¹ Actual MDHHS payments.

Corrective Action Plan

Finding Number: 1

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Finding: **Insufficient Accounting System**

The Agency did not properly develop an accounting system structure or separate cost centers to sufficiently track VOCA funded expenditures and grant revenue in its accounting system.

Recommendation: We recommend that the Agency establish an adequate financial management system to separately account for VOCA funded activity as required by Federal regulations.

Comments: Agree

Corrective Action: The Agency will create separate general ledger accounts for VOCA.

Person Responsible for Implementation: County Administrator

Anticipated Completion Date: October 1, 2019