



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

September 6, 2019

Ms. Rose Ludwick, Executive Director
Domestic and Sexual Abuse Services
312 North Main
Three Rivers, Michigan 49093

Dear Ms. Ludwick:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) audit of Domestic and Sexual Abuse Services VOCA Crime Victim Assistance and Targeted Victim Services Grants for the periods of October 1, 2016 through September 20, 2017 and January 1, 2017 through September 30, 2017, respectively.

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 – CVA Program; Statement of Grant Program Revenues and Expenditures – TVS Program; Summary of Amount Due; Corrective Action Plan; 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.

As noted in Finding 1, \$9,804 is due back to MDHHS. Please remit a check payable to the State of Michigan for \$9,804 to the following address by October 7, 2019:

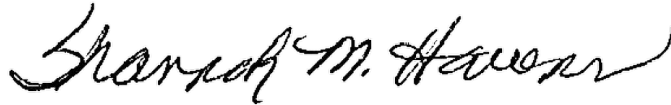
Michigan Department of Health and Human Services
Cash Receipting
PO Box 30437
Lansing, MI 48933

Ms. Rose Ludwick, Executive Director
Domestic and Sexual Abuse Services
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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,

A handwritten signature in black ink, reading "Shannah M. Havens". The signature is fluid and cursive, with the first name "Shannah" being more prominent and the last name "Havens" following in a similar style.

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
Diana Bartlett, Department Analyst, Division of Victim Services
Patsy Baker, Departmental Manager, Division of Victim Services
Karen Porter, Division of Victim Services
Mary McGrath, Manager, Revenue Section
Kidada Smith, Manager, Contracts Payable Section
April Bliss, Accountant, Federal Reporting Grants Unit
Cindy Osga, Quality Assurance, Public Health and Community Services Programs Section
Robert Haske, Senior Auditor, Public Health and Community Services Programs Section
Deborah Hackworth, Project Director, Domestic and Sexual Abuse Services
McKenna Bowdish, Financial Officer, Domestic and Sexual Abuse Services

Audit Report

Domestic and Sexual Abuse Services

Victims of Crime Act
Victim Assistance Program

October 1, 2016 – September 30, 2017



Bureau of Audit

Audit Division

September 2019

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DESCRIPTION OF AGENCY

Domestic and Sexual Abuse Services (Agency) is organized as a non-profit agency under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Agency's administrative office is located in Three Rivers, Michigan. The Agency operates under the legal supervision and control of its Board of Directors.

The Agency provides domestic violence and sexual assault services that promote the empowerment of survivors by providing information, resources and advocacy; and, prevention efforts by providing accurate information on domestic violence and sexual assault issues to the community, and to youth through school-based initiatives. The Agency provides services to the residents of Cass, St. Joseph, and Van Buren counties.

FUNDING METHODOLOGY

The Agency's Victim Assistance Programs are funded from grant programs 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 agreements and budgets. The Victims of Crime Act (VOCA) Programs were 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 shares of cost according to the agreements 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 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.

SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal period October 1, 2016 through September 30, 2017 for the Crime Victim Assistance (CVA) Grant award and for the fiscal period January 1, 2017 to September 30, 2017 for the Targeted Victim Services (TVS) Grant award. Our audit procedures included the following:

- Reviewed the Agency's most recent Single Audit Report for any Program concerns.
- Reviewed the Grant Agreements, Budgets, 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 not 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 found that the FSRs were not supported by the Agency's accounting records (Finding 1).

Finding**1. FSRs Not Supported by Accounting Records**

Federal Agency	U.S. Department of Justice
Federal Sub-Tier	Office of Justice Programs
Federal Program Title	Crime Victim Assistance
Catalog of Federal Domestic Assistance 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	E20172094-00
MDHHS Agreement Period	10/01/2016 – 09/30/2017
MDHHS VOCA CVA Number	20312-20V15
Final Federal Expenditures After Audit	\$ 212,719
Final Federal Match After Audit	\$ 53,180
Total Amount Disallowed	\$ 7,434
Portion of Federal Expenditures Due (80%)	\$ 5,947
Portion of Federal Match (20%)	\$ 1,487
Repeat Finding	No

Federal Agency	U.S. Department of Justice
Federal Sub-Tier	Office of Justice Programs
Federal Program Title	Crime Victim Assistance
Catalog of Federal Domestic Assistance 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	E2017-2660-00
MDHHS Agreement Period	01/01/2017 – 09/30/2017
MDHHS VOCA CVA Number	21180-1V15
Final Federal Expenditures After Audit	\$ 43,586
Final Federal Match After Audit	\$ 10,895
Total Amount Disallowed	\$ 4,821
Portion of Federal Expenditures Due (80%)	\$ 3,857
Portion of Federal Match (20%)	\$ 964
Repeat Finding	No

The Agency's FSRs 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 or program..." Also, the 2017 Department of Justice (DOJ) Grants 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...The system must support...financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award or subaward."

During our review, we noted the following discrepancies when we reconciled the CVA final FSR expenditure line items to the related VOCA Program general ledger accounts and other supporting documentation:

- Salaries and Wages overstated on the FSR by \$3,563
- Fringe Benefits overstated on the FSR by \$84
- Travel overstated on the FSR by \$3,176
- Other Expenses overstated on the FSR by \$611

We also noted the following discrepancies when we reconciled the TVS final FSR expenditure line items to the related VOCA Program general ledger accounts:

- Salaries and Wages overstated on the FSR by \$2,120
- Fringe Benefits overstated on the FSR by \$490
- Travel overstated on the FSR by \$374
- Supplies and Materials overstated on the FSR by \$548
- Other Expenses overstated on FSR by \$1,289

We further noted instances where VOCA expenses were improperly posted to the local cost center rather than the VOCA cost center.

The Agency did not have sufficient internal controls to ensure that its FSRs reconciled with its VOCA Programs' accounting records, resulting in a total of \$7,434 overreported program expenditures on its CVA FSR and \$4,821 overreported program expenditures on its TVS FSR. Also, the Agency did not design an accounting system to sufficiently track and accurately report its VOCA Programs' expenditures on its FSRs.

Adjustments are shown on the Statements of Grant Program Revenues and Expenditures and Summaries 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 FSRs reconcile with accounting records to ensure compliance with Federal regulations and DOJ guidance.

MDHHS SHARES OF COST AND BALANCE DUE

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 the Crime Victim Assistance Grant for the fiscal year ended September 30, 2017 totals \$212,719. The MDHHS obligation for the Targeted Victim Services Grant for the fiscal year ended September 30, 2017 totals \$43,586. The attached Statements of Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. Adjustments affecting VOCA grant program funding were made as a result of the audit, and \$5,947 for CVA and \$3,857 for TVS are due to MDHHS (Finding 1).

**Domestic and Sexual Abuse Services
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	\$ 222,315	\$ 218,666 ¹	\$ (5,947) ²	\$ 212,719
Local Funds	\$ 369	\$ -		\$ -
Volunteer - Match	\$ 55,210	\$ 54,667	\$ (1,487) ²	\$ 53,180
TOTAL REVENUES	\$ 277,894	\$ 273,333	\$ (7,434)	\$ 265,899
EXPENDITURES:				
Salaries and Wages	\$ 170,331	\$ 166,191	\$ (3,563) ²	\$ 162,628
Fringe Benefits	\$ 22,719	\$ 19,514	\$ (84) ²	\$ 19,430
Volunteer Wages	\$ 51,391	\$ 50,792		\$ 50,792
Volunteer Fringe	\$ 3,819	\$ 3,875		\$ 3,875
Travel	\$ 12,677	\$ 17,158	\$ (3,176) ²	\$ 13,982
Supplies and Materials	\$ 6,497	\$ 6,273		\$ 6,273
Contractual	\$ -	\$ -		\$ -
Equipment	\$ -	\$ -		\$ -
Other Expenses	\$ 10,460	\$ 9,530	\$ (611) ²	\$ 8,919
Indirect Costs	\$ -	\$ -		\$ -
TOTAL EXPENDITURES	\$ 277,894	\$ 273,333	\$ (7,434)	\$ 265,899
¹ Actual MDHHS payments. ² Finding 1: FSRs Not Supported by Accounting Records				

**Domestic and Sexual Abuse Services
VOCA Targeted Victim Services Grant
Statement of Grant Program Revenues and Expenditures
1/1/17 - 9/30/17**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$ 48,596	\$ 47,443 ¹	\$ (3,857) ²	\$ 43,586
Local Funds	\$ 723	\$ -		\$ -
Volunteer - Match	\$ 11,426	\$ 11,859	\$ (964) ²	\$ 10,895
TOTAL REVENUES	\$ 60,745	\$ 59,302	\$ (4,821)	\$ 54,481
EXPENDITURES:				
Salaries and Wages	\$ 34,320	\$ 34,320	\$ (2,120) ²	\$ 32,200
Fringe Benefits	\$ 5,084	\$ 3,778	\$ (490) ²	\$ 3,288
Volunteer Wages	\$ 10,614	\$ 11,016		\$ 11,016
Volunteer Fringe	\$ 812	\$ 843		\$ 843
Travel	\$ 2,971	\$ 3,449	\$ (374) ²	\$ 3,075
Supplies and Materials	\$ 2,564	\$ 1,505	\$ (548) ²	\$ 957
Contractual	\$ -	\$ -		\$ -
Equipment	\$ -	\$ -		\$ -
Other Expenses	\$ 4,380	\$ 4,391	\$ (1,289) ²	\$ 3,102
Indirect Costs	\$ -	\$ -		\$ -
TOTAL EXPENDITURES	\$ 60,745	\$ 59,302	\$ (4,821)	\$ 54,481

¹ Actual MDHHS payments.

² Finding 1: FSRs Not Supported by Accounting Records

Domestic and Sexual Abuse Services
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	Adjustments for Costs Posted to Non-VOCA GL	Difference Including Adjustments	Amount Due CVSC (80%)	Cash Match (20%)
Salaries & Wages (1)	166,191	162,628	(3,563)	0	(3,563)	(2,850)	(713)
Fringe Benefits (1)	19,514	19,430	(84)	0	(84)	(67)	(17)
Travel (1)	17,158	12,841	(4,317)	1,141	(3,176)	(2,541)	(635)
Supplies & Materials (1)	6,273	5,831	(442)	442	0	0	0
Other Expenses (1)	9,530	7,010	(2,520)	1,909	(611)	(489)	(122)
Total Difference			(10,926)	3,492	(7,434)	(5,947)	(1,487)

(1) Finding 1: FSRs Not Supported by Accounting Records

Domestic and Sexual Abuse Services
VOCA Targeted Victim Services Grant
Summary of Amount Due
01/01/2017 - 09/30/2017

Description	FSR	General Ledger	Difference Between FSR and General Ledger	Audit Adjustments	Difference Including Unsupported Costs	Amount Due CVSC (80%)	Cash Match (20%)
Salaries & Wages (1)	34,320	32,200	(2,120)	0	(2,120)	(1,696)	(424)
Fringe Benefits (1)	3,778	3,288	(490)	0	(490)	(392)	(98)
Travel (1)	3,449	3,075	(374)	0	(374)	(299)	(75)
Supplies & Materials (1)	1,505	957	(548)	0	(548)	(438)	(110)
Other Expenses (1)	4,391	3,102	(1,289)	0	(1,289)	(1,031)	(258)
Total Difference			(4,821)	0	(4,821)	(3,857)	(964)

(1) Finding 1: FSRs Not Supported by Accounting Records

Corrective Action Plan

Finding Number: 1

Page Reference: 3

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

The Agency's FSRs 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 FSRs reconcile with accounting records to ensure compliance with Federal regulations and DOJ guidance.

Comments: Agree

Corrective Action: FSRs and accounting records will be reviewed in greater detail to ensure all expenditures reported are actual, allowable, and traceable to accounting records in accordance with Federal regulations and DOJ Guidance.

Person Responsible for Implementation: Executive Director

Anticipated Completion Date: December 31, 2019

Comments and Recommendations

1. Insufficient Travel Policy

The Agency did not have a sufficient travel policy.

Title 2 CFR 200.474 states that travel costs may be charged provided the costs are in accordance with the entity's written travel reimbursement policies.

The Agency's written procedures address mileage reimbursement only. The Agency's written procedures should address all possible travel costs such as lodging, meals, airfare and other modes of transportation, etc., to be reimbursed by a Federal award.

We recommend that the Agency establish sufficient travel policies so it may be reimbursed for allowable travel costs related to a Federal award.

Agency Response: The Agency agrees with this comment and the travel policy is currently being reviewed and updated to ensure compliance with Federal regulation.

**Person Responsible
for Implementation:** Executive Director

**Anticipated
Completion Date:** December 31, 2019

2. No Cost Allowability Policy

The Agency did not have written procedures for determining the allowability of costs.

Title 2 CFR 200.302(b)(7) requires written procedures for determining the allowability of costs in accordance with the cost principles contained in Title 2 CFR Subpart E and the terms and conditions of the award.

We recommend that the Agency establish sufficient written procedures to ensure the allowability of costs is properly determined to ensure compliance with Federal regulation.

Agency Response: The Agency agrees with this comment and the cost allowability policy is currently being reviewed and updated to ensure compliance with the Federal regulation.

**Person Responsible
for Implementation:** Executive Director

**Anticipated
Completion Date:** December 31, 2019

3. Time Sheets Lacking Key Information

Employee times sheets were lacking key information.

The MDHHS VOCA Policies and Procedures Manual states time sheets must include VOCA (or identified cost center or code) and be signed by the staff and supervisor.

During our review, we noted that seven (50%) of fourteen time sheets were not signed by the employee, three (21%) of fourteen time sheets were not signed by the supervisor, two (14%) of fourteen time sheets had no funding source identified, and two (14%) of fourteen time sheets did not show hours worked in the funding source columns.

We recommend that the Agency implement policies and procedures to ensure time sheets are completed in accordance with MDHHS policy.

Agency Response: The Agency agrees with this comment and time records will be updated to include all hours compensated and the attributable funding source and they will be more closely monitored to ensure they contain all required signatures.

**Person Responsible
for Implementation:** Executive Director

**Anticipated
Completion Date:** December 31, 2019