



**AUDIT OF  
THE OFFICE ON VIOLENCE AGAINST WOMEN  
SAFE HAVENS GRANT AWARDED TO THE  
MICHIGAN DEPARTMENT OF HUMAN SERVICES  
LANSING, MICHIGAN**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

Audit Report GR-50-13-002  
October 2012

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
SAFE HAVENS GRANT AWARDED TO THE  
MICHIGAN DEPARTMENT OF HUMAN SERVICES  
LANSING, MICHIGAN**

**EXECUTIVE SUMMARY**

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of an Office on Violence Against Women grant awarded to the Michigan Department of Human Services (Michigan DHS). Michigan DHS was awarded \$649,872 under grant number 2009-CW-AX-K003 in October 2009 to fund supervised child visitation and exchange programs. In collaboration with three subgrantees, Michigan DHS used grant funding to seek to increase options for supervised visitation and safe exchange; reduce acts of violence and intimidation; and contribute to the well-being of victims of domestic violence and their children in the counties of Kent, Saginaw, and Washtenaw, Michigan.

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) accountable property; (7) program income; (8) federal financial and progress reports; (9) grant award requirements; (10) program performance and accomplishments; and (11) monitoring of subgrantees and contractors. We determined that matching costs, accountable property, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

As of June 30, 2012, the grantee had drawn down \$474,310 in grant funds and had recorded expenses totaling \$495,183. We examined Michigan DHS's accounting records, federal financial and progress reports, and operating policies and procedures. Our audit revealed that Michigan DHS generally complied with grant guidelines and requirements. Our audit objectives, scope, and methodology are discussed in Appendix I of the report.

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## INTRODUCTION

The Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of an Office on Violence Against Women (OVW) grant awarded to the Michigan Department of Human Services (Michigan DHS), located in Lansing, Michigan. Michigan DHS was awarded \$649,872 under grant number 2009-CW-AX-K003 to fund supervised child visitation and exchange programs to increase options for families with a history of domestic violence, child abuse, sexual assault, or stalking. The state of Michigan and its collaborative partners received funding from OVW to increase options for supervised visitation and safe exchange; reduce acts of violence and intimidation; and contribute to the well-being of victims of domestic violence and their children in the counties of Kent, Saginaw, and Washtenaw, Michigan.

As shown in the following table, Michigan DHS was awarded a total of \$649,872 to support these programs.

**TABLE 1. OFFICE ON VIOLENCE AGAINST WOMEN GRANT TO MICHIGAN DEPARTMENT OF HUMAN SERVICES**

AWARD NUMBER	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT	OBJECTIVE
2009-CW-AX-K003	10/01/2009	09/30/2012	\$649,872	To increase options for supervised visitation and safe exchange, reduce acts of violence and intimidation, and contribute to the well-being of victims of domestic violence and their children.
<b>Total:</b>			<b>\$649,872</b>	

Source: Office on Violence Against Women

### Background

OVW provides federal leadership in developing the nation's capacity to reduce violence against women and strengthen services to victims of domestic violence, dating violence, sexual assault, and stalking. Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. Since its inception, OVW has awarded over \$4.7 billion in grants and cooperative agreements.

The Michigan Domestic Violence Prevention and Treatment Board was established within the Michigan Family Independence Agency (now known as

Michigan DHS) in 1978 by state legislation that created a Governor-appointed Board responsible for focusing state activity on domestic violence. The Board administers state and federal funding for domestic violence shelters and advocacy services, develops and recommends policy, and develops and provides technical assistance and training. The seven-member Board represents a cross-section of professions concerned with the crime of domestic violence. The Governor, with the advice and consent of the state Senate, appoints members. Staff provided by the Michigan DHS assist the Board in carrying out their legislative charge.<sup>1</sup>

The objective of the audited grant program is to increase options for supervised child visitation and safe exchange, reduce acts of violence and intimidation, and contribute to the well-being of victims of domestic violence and their children. Michigan DHS performed this primarily by collaborating with three subgrantees:

- YWCA - The YWCA of West Central Michigan provides services to victims of domestic violence through a domestic assessment center, which also provides counseling center services for sexual assault survivors.
- Catholic Social Services - Catholic Social Services of Washtenaw County provides a "Family Time" program that facilitates positive interaction between parents and children in a safe setting.
- Underground Railroad, Inc. - This organization serves residents of Saginaw County who are victims of domestic violence, sexual assault, and stalking, and is the only provider of emergency shelter, services, leadership, and programs to end domestic and sexual violence in the community.

## **Our Audit Approach**

We tested compliance with what we consider the most important conditions of the agreement. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Programs (OJP) Financial Guide, the Code of Federal Regulations, Office of Management and Budget (OMB) Circulars, and the award documents.<sup>2</sup> The

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<sup>1</sup> For the purposes of this report, we refer to the grantee as the Michigan DHS, and we intend for this collective reference to include the Domestic Violence Prevention and Treatment Board.

<sup>2</sup> According to the OVW special conditions, the recipient agrees to the requirements as set forth in the current edition of the Office of Justice Programs (OJP) Financial Guide.

OJP Financial Guide serves as a primary reference manual to assist award recipients in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded. We tested Michigan DHS's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls in place for the processing and payment of funds and controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported and if the grantee was managing grant receipts in accordance with federal requirements;
- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **Budget Management and Control** to examine the amounts budgeted and the actual costs for each approved cost category and determine if the grantee deviated from the approved budget, and if so, if the grantee received the necessary approval;
- **Federal Financial Reports and Progress Reports** to determine whether the required reports were submitted on time and accurately reflected grant activity;
- **Accomplishment of Grant Requirements and Objectives** to determine if the grantee met or is capable of meeting the grant's objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives; and
- **Monitoring of Subgrantees** to determine if the grantee adequately monitored the subgrantees' performance to ensure they adhered to the terms and conditions of the award.

We also performed limited work and confirmed that Michigan DHS was not required to contribute any local matching funds, did not receive reimbursement for accountable property or indirect costs, and did not generate any program income. Therefore, we did not perform testing in these areas.

## **FINDINGS**

We determined that Michigan DHS generally complied with grant guidelines with respect to its internal control environment, drawdowns and expenditures, budget management and control, federal financial and progress reports, grant requirements, and monitoring of subgrantees.

We performed audit work at Michigan DHS's main office in Lansing, Michigan, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. In addition, we conducted site visits to all three subgrantees to perform transaction testing. We reviewed the criteria governing grant activities, including the OJP Financial Guide, relevant OMB Circulars, and the Code of Federal Regulations. In addition, we reviewed grant documents, including the application, award, budgets, and financial and progress reports. We also interviewed key personnel at Michigan DHS and at each subgrantee office.

### **Accounting and Internal Controls**

According to the OJP Financial Guide, grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. Further, the accounting system should ensure, among other things, the identification and accounting for receipt and disposition of all funds, funds applied to each budget category included in the approved award, expenditures governed by any special and general provisions, and non-federal matching contributions.

We interviewed key Michigan DHS personnel, including the Executive Director, Project Director, Grant Program Coordinator, and an Analyst regarding Michigan DHS's financial management system, record-keeping practices, and methods for ensuring adherence to the terms and conditions of the award. We also reviewed Michigan DHS's policies, procedures, and accounting records to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the award.

#### *Financial Management System*

The OJP Financial Guide requires grantees to establish and maintain a system of accounting and internal controls that adequately identifies and classifies grant costs. The system must include controls to ensure that funds and other resources are used optimally and expenditures of funds are in conformance with the general and special conditions applicable to the recipient. Further, the OJP Financial Guide states that grantees should

establish and maintain program accounts that will enable, on an individual basis, the separate identification and accounting of the receipt and disposition of all funds and the application of all funds to each budget category included within the approved award.

Michigan DHS utilizes a statewide system that processes payments for all contracts. Subgrantees submit a form for payment, which contains unique contract numbers and codes that identify the subgrantee and informs the state payment office what grant to bill. The amounts billed and reimbursed reflect dollars actually spent. Analyst technicians review each form to ensure that the amounts are allowable and that they are not over the line item's budget. After the technician has checked the values, the contract analyst responsible for each subgrantee reviews them once more. Executive leadership then conducts a final review and sends the form to the payment office for check issuance.

We also interviewed staff and management, and we observed accounting activities and processes to assess risk. The grantee has a Policy Handbook that covers all aspects of internal controls. Based on our interviews with Michigan DHS personnel, the procedures and processes included in the manual were current and were being followed by employees.

### *Audit*

Michigan DHS is a unit of state government, which was included in a department-wide audit conducted by the Michigan Office of the Auditor General for the period of October 1, 2008, through September 30, 2010. The results of this audit were reported in the Single Audit Report obtained from the Michigan Office of the Auditor General, which was prepared under the provisions of OMB Circular A-133. We reviewed the independent auditor's assessments, which disclosed no weaknesses, noncompliance issues, or crosscutting findings related to Michigan DHS's grant management of Department of Justice grants.

### **Grant Drawdowns**

We reviewed Michigan DHS's process for requesting OJP reimbursement for grant-related costs to ensure that reimbursement requests were supported adequately by official accounting records and were in accordance with federal requirements. Michigan DHS's Executive Director said that they calculate their drawdown requests by taking the total cumulative expenditures less any prior reimbursements. We compared the grantee's general grant ledger to OJP's drawdown report for the inception of the grant through June 30, 2011. From a cumulative perspective, we noted

that Michigan DHS's expenditures exceeded its drawdowns during our audit period.

**TABLE 2. COMPARISON OF DRAWDOWNS TO MICHIGAN DHS'S RECORD OF EXPENDITURES**

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN DOWN PER OJP	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD LESS DRAWDOWN PER OJP	CUMULATIVE DRAWDOWNS PER OJP	CUMULATIVE EXPENDITURES PER MICHIGAN DHS RECORDS	CUMULATIVE EXPENDITURES LESS CUMULATIVE DRAWDOWNS
08/11/2010	\$42,275	\$58,651	\$16,376	\$42,275	\$58,651	\$16,376
09/01/2010	16,372	12,741	(3,631)	58,647	71,392	12,745
09/24/2010	39,413	32,731	(6,682)	98,060	104,123	6,063
12/07/2010	29,074	40,368	11,294	127,134	144,491	17,357
12/20/2010	17,353	0	(17,353)	144,487	144,491	4
02/02/2011	16,253	36,035	19,782	160,740	180,526	19,786
03/22/2011	18,087	24,249	6,162	178,827	204,775	25,948
06/09/2011	67,814	52,885	\$(14,929)	\$246,641	\$257,660	\$11,019
<b>TOTAL</b>	<b>\$246,641</b>	<b>\$257,660</b>				

Source: Office on Violence Against Women and Michigan DHS

### Grant Expenditures

OVW reviewed and approved funding for Michigan DHS in two categories: travel and contractual. Travel costs for this project were for providing technical assistance and training opportunities throughout the state of Michigan and specifically to the three local supervised visitation centers (LSVC). Contractual costs were for funding each of the three LSVCs to increase and enhance local supervised visitation center capabilities and fund project coordination. Table 3 shows the budgeted amounts by approved cost category.

**TABLE 3. OVW-APPROVED BUDGET CATEGORIES**

COST CATEGORY	APPROVED BUDGET	DESCRIPTION OF PLANNED EXPENDITURES
Travel	\$13,872	Costs for travel for technical assistance and training activities
Contractual	636,000	Funding to increase and enhance local supervised visitation centers
<b>TOTAL PROJECT COSTS</b>	<b>\$649,872</b>	

Source: Office on Violence Against Women

As of June 9, 2011, total grant-related expenditures, as recorded in Michigan DHS's accounting records, were \$257,660, and Michigan DHS had

been reimbursed a total of \$246,641. To determine the accuracy and allowability of costs charged to the grant, we reviewed a sample of travel and contractual expenditures. We selected and reviewed five travel-related expenditures totaling \$2,638 that were incurred directly by Michigan DHS. We determined that all transactions were accurate, supported, and allowable under federal rules, regulations, and special conditions of the grant.

The contractual expenditures were those incurred by the three subgrantees, which Michigan DHS later reimbursed. Michigan DHS agreed to certain budget categories that the subgrantees would be allowed to bill to the grant program. This was enforced through formal contracts with all three subgrantees. Michigan DHS provided us with the subgrantees' statements of expenditures, and we visited each of the three subgrantees to review the supporting documentation for these statements.

The subgrantee contract expenditures fell into ten categories. Table 4 shows the categories and the amounts that we reviewed.

**TABLE 4. SUBGRANTEE CONTRACT BUDGET CATEGORIES<sup>3</sup>**

<b>COST CATEGORY</b>	<b>SAMPLE AMOUNT</b>	<b>DESCRIPTION OF PLANNED EXPENDITURES</b>
Salaries	\$76,388	Compensation paid to employees
Occupancy	17,599	Cost of leased or owned buildings and offices
Fringe Benefits	15,360	Funds allocated to cover costs of services not included as salaries and wages
Equipment	6,722	Any non-consumable item costing more than \$5,000 that is not attached or included as part of the cost of the facility (e.g., copier/network maintenance)
Supplies	5,293	Consumable or non-consumable item costing less than \$5,000 (e.g., pencils, paper)
Communication	1,822	Cost for written (e.g., fax) or verbal (e.g., telephone) communication
Miscellaneous	893	Expenses related to the contract that are not chargeable to other line items (e.g., professional liability insurance, classified advertisements, registration fee for training)
Local Transportation	859	Cost of staff travel incurred by personnel on official business
Contracted Services	747	Payment to a third party by the subgrantee for a service to be delivered to Michigan DHS (e.g., Directors' and Officers' liability insurance)
Specific Assistance	262	The value of a purchase for a specific client and given to that client as part of a service delivery
<b>TOTAL SAMPLE AMOUNT COSTS</b>	<b>\$125,945</b>	

Source: Michigan DHS

We judgmentally selected 20 subgrantee expenditures – at least 1 from each budget category – associated with the grant program. The selected transactions totaled \$125,945 of the total \$636,000 in grant award funds budgeted to the subgrantees. After reviewing these transactions and the related supporting documentation, we determined the transactions were supported, accurately posted to the accounting records, and allowable under federal rules, regulations, and special conditions of the grant.

<sup>3</sup> The budget categories above are a composite of the budgets from all three subgrantees. Not all subgrantees expended funds in all categories.

## Budget Management and Control

According to the terms and conditions of the grant, a grantee may transfer funds between approved budget categories without OVW approval if the total transfers are 10 percent or less than the award amount. Requests for transfers of funds between budget categories exceeding 10 percent must be submitted to OVW for approval. We compared the amounts charged to the approved budget amounts for each budget category. Although we observed the movement of dollars between budget categories, none of the amounts exceeded 10 percent of the total award amount. Therefore, Michigan DHS was not required to obtain prior approval from OVW for these transfers.

## Grant Reporting

The OJP Financial Guide states that two types of reports are to be submitted by the grantee. Federal Financial Reports (FFR) provide information on monies spent and the unobligated amounts remaining in the grant. Program progress reports provide information on the status of grant-funded activities and other pertinent information.

### *Federal Financial Reports*

According to the OJP Financial Guide, prior to October 1, 2009, FFRs were to be submitted within 45 days of the end of the calendar quarter. Beginning with the reporting period October 2009 through December 2009, grantees were required to submit quarterly FFRs within 30 days of the end of the calendar quarter. The final FFR must be submitted no later than 90 days following the end of the grant period. Funds or future awards may be withheld if reports are not submitted or if reports are submitted late. We reviewed five of the FFRs submitted during our audit period. As shown in the following table, Michigan DHS submitted all five reports on time.

**TABLE 5. TIMELINESS OF FEDERAL FINANCIAL REPORTS**

<b>REPORT NUMBER</b>	<b>REPORT PERIOD</b>	<b>DUE DATE</b>	<b>DATE SUBMITTED</b>	<b>DAYS LATE</b>
1	04/01/10 - 06/30/10	07/30/10	07/20/10	0
2	07/01/10 - 09/30/10	10/30/10	10/27/10	0
3	10/01/10 - 12/31/10	01/30/11	01/24/11	0
4	01/01/11 - 03/31/11	04/30/11	04/25/11	0
5	04/01/11 - 06/30/11	07/30/11	07/19/11	0

Source: Office of Justice Programs

We also compared the grant-related expenditures reflected on the FFRs to Michigan DHS's accounting records. As shown in the following table, the expenditures reported on the FFRs matched those in the grant ledger and in the drawdown requests.

**TABLE 6. ACCURACY OF FEDERAL FINANCIAL REPORTS**

<b>FFR NUMBER</b>	<b>FFR REPORT PERIOD END DATE</b>	<b>EXPENDITURES PER FFR</b>	<b>EXPENDITURES PER GRANT LEDGER</b>
1	06/30/2010	\$42,275	\$42,275
2	09/30/2010	84,859	84,859
3	12/31/2010	33,606	33,606
4	03/31/2011	49,250	49,250
5	06/30/2011	59,265	59,265
<b>Total</b>		<b>\$269,255</b>	<b>\$269,255</b>

Source: Office of Justice Programs

*Progress Reports*

According to the OJP Financial Guide, Categorical Assistance Progress Reports are due semiannually on January 30 and July 30 for the life of the award. We reviewed three progress reports submitted during the award and found that all three of the reports were submitted by OJP's established deadline.

**TABLE 7. TIMELINESS OF PROGRESS REPORTS**

<b>REPORT NUMBER</b>	<b>REPORT PERIOD</b>	<b>DUE DATE</b>	<b>DATE SUBMITTED</b>	<b>DAYS LATE</b>
1	01/01/2010 – 06/30/2010	07/30/2010	07/30/2010	0
2	07/01/2010 – 12/31/2010	01/30/2011	01/30/2011	0
3	01/01/2011 – 06/30/2011	07/30/2011	07/21/2011	0

Source: Office of Justice Programs

As for the content of the progress reporting, we found that the reports did not include a comparison of actual accomplishments to the objectives established for the period. Instead, the reports included detailed, cumulative technical results of work performed during the reporting period. In our judgment, the reports provided adequate information to determine the status of the tasks planned for the period.

## **Compliance with Grant Requirements**

We reviewed the special conditions of the grant award and identified 25 key requirements. Examples of these conditions are: (1) submit quarterly Federal Financial Reports, (2) submit semiannual progress reports that describe project activities during the reporting period, (3) agree that grant funds will not support activities that may compromise victim safety, (4) work collaboratively with its project partners to implement the grant project, and (5) adhere to the OJP Financial Guide. No instances of non-compliance with any of the rules and regulations were identified.

## **Program Performance and Accomplishments**

The Executive Director of Michigan DHS stated that there were no changes to the timelines for achieving the objectives outlined in the grant application. The main goal is to support supervised visitation and safe exchange services. This is accomplished by: (1) providing survivors who are custodial parents a safe, affordable, age and activity-appropriate means of visitation and exchange; (2) increasing Michigan's capacity to monitor existing visitation centers and assisting in the start-up of new centers; (3) providing post-separation advocacy services for survivors and their children; (4) providing culturally appropriate supervised visitation, advocacy, and batterer's intervention services; (5) increasing state and local coordination and response; and (6) increasing the capacity of LSVIC, courts, domestic violence, and batterer intervention staff, Memorandum of Understanding (MOU) partners, and consulting committees.

We observed grant-related activity, reviewed documentation, and interviewed Michigan DHS and subgrantee staff to determine whether the grant objectives that were identified in the grant application were being met. Michigan DHS has ensured that each of the grant objectives are being met by offering different types of staff training, participating in meetings, and conducting site visits. Michigan DHS also established and enhanced the MOU partnerships. They have developed the "State Visitation Network," the primary goal of which is to reach out to as many people and organizations as possible. New interactions with organizations are treated as an opportunity to include them in all future training events and conference calls. In addition, Michigan DHS personnel regularly write articles to inform court systems about the services provided by the grant. Therefore, we found that Michigan DHS and its subgrantees were fulfilling the goals and objectives of the grant. Michigan DHS officials stated that they want the program to have a broad impact.

## Monitoring Subgrantees

Michigan DHS officials informed the audit team that the primary method for ensuring that grant objectives are being achieved is by reviewing and reacting to the semiannual progress reports provided by the subgrantees. Subgrantees are responsible for maintaining client records within six specific criteria. In addition, subgrantees are required to submit and report service documentation. This can take the form of program narrative and statistical data, as well as information contained in forms furnished by Michigan DHS.

According to Michigan DHS officials, they consider all interactions with subgrantees as a training opportunity. Much of the technical assistance Michigan DHS provides involves teaching the subgrantees how to interact with court partners, correctly share and document information, and communicate with troubled parents. In addition, Michigan DHS has developed a plan to meet with subgrantees through the award period. We found that onsite meetings occur multiple times per year, and during these meetings, Michigan DHS officials work directly with subgrantees to make effective use of existing resources.

We reviewed three progress reports pertinent to our audit period. They were generally complete, and we were able to confirm how Michigan DHS compiled the information for and submitted the official progress reports to OVW. We also received copies of training itineraries and programs utilized by Michigan DHS and subgrantee officials during official training meetings. In addition, Michigan DHS receives and reviews all single audits conducted on their subgrantees. Further, Michigan DHS informed us that it performs two types of formal reviews of its subgrantees:

- Peer review - a review in which Michigan DHS sends an audit team to review subgrantees every 3 to 5 years. These teams review financial documents, determine whether subgrantees are following by-laws, and conduct personnel reviews. In addition, the audit team interviews people who routinely interact with the subgrantees.
- Contract Monitoring review - this type of review, conducted every 2-3 years, involves reviewing what the subgrantee says it spent and comparing it to the contract.

We reviewed the results of a peer review conducted on YWCA and a contract monitoring review conducted on Underground Railroad, Inc. The overall results of both reviews did not indicate any significant concerns, and

a contract monitoring review for Catholic Social Services is scheduled for later this year. We also examined Michigan DHS's policies and procedures for conducting these two types of reviews. We found all polices complied with federal rules, regulations, and special conditions of the grant, and appear to be an effective mechanism for Michigan DHS to provide oversight of its subgrantees.

### **Views of Responsible Officials**

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards and included such tests as were considered necessary to accomplish our objectives. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on, but was not limited to, the expenditures and reimbursements from April 1, 2010, through June 30, 2011. This was an audit of OVW grant number 2009-CW-AX-K003, for which Michigan DHS was awarded a total of \$649,872. In conducting our audit, we reviewed FFRs and progress reports and performed sample testing in award expenditures, including salary and fringe benefit costs. Our testing was conducted by judgmentally selecting a sample of expenditures, along with a review of internal controls and procedures for the grant that we audited. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, or risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. In total, Michigan DHS had drawn down \$246,641 and recorded grant-related costs totaling \$269,255 as of June 30, 2011. We tested 25 transactions, which totaled \$128,583. More specifically, we tested \$2,638 in travel costs and \$125,945 in contract costs that included salary and fringe benefit costs.

We tested compliance with what we consider to be the most important conditions of the grant agreement. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide, the Code of Federal Regulations, OMB Circulars, and the award documents. We reviewed Michigan DHS's grant activities and performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) federal financial and progress reports; (6) grant award requirements; (7) program performance and accomplishments; and

(8) monitoring of subgrantees. We determined that matching costs, accountable property, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

We performed limited testing of source documents to assess the timeliness and accuracy of FFRs, reimbursement requests, expenditures, and progress reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. We tested invoices associated with transactions shown in Michigan DHS's grant ledger as of June 30, 2011. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objectives.

Our audit included an evaluation of Michigan DHS, a unit of state government, which was included in a department-wide audit conducted by the Michigan Office of the Auditor General. The results of this audit were reported in the Single Audit Report obtained from the Michigan Office of the Auditor General for the period of October 1, 2008, through September 30, 2010. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessments, which disclosed no weaknesses, noncompliance issues, or cross-cutting findings related to Michigan DHS's grant management of Department of Justice grants.

AUDITEE RESPONSE



STATE OF MICHIGAN  
**Department of  
Human  
Services**

www.michigan.gov

Maura Corrigan, Director

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Debi Cain, Executive Director

September 6, 2012

Carol S. Taraszka  
Chicago Regional Audit Manager  
U.S. Department of Justice  
Chicago Regional Audit Office  
500 West Madison Street, Suite 1121  
Chicago, Illinois 60661-2590

Dear Ms. Taraszka:

I am in receipt of your August 30, 2012 draft audit report on the Office on Violence Against Women Safe Haven's Grant awarded to the Michigan Department of Human Services Domestic Violence Prevention and Treatment Board. I have reviewed the draft report and have no comments.

Thank you for the professionalism exhibited by your audit team.

Sincerely,

1  
1 *Debi Cain*

Cc: MDVPT Board Members  
DHS Director Maura Corrigan  
Michelle Dodge, OVW



RICK SNYDER, Governor

OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE



U.S. Department of Justice  
Office on Violence Against Women  
Washington, D.C. 20530

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September 25, 2012

**MEMORANDUM**

TO: Carol S. Taraszka  
Regional Audit Manager  
Chicago Regional Audit Office

FROM: Bea Hanson   
Acting Director  
Office on Violence Against Women

Rodney Samuels   
Audit Liaison/Staff Accountant  
Office on Violence Against Women

SUBJECT: Audit of the Office on Violence Against Women Safe Havens  
Grant Awarded to the Michigan Department of Human Services  
Lansing, Michigan

This memorandum is in response to your correspondence dated August 30, 2012 transmitting the above audit report for the Michigan Department of Human Services. After reviewing the referenced report and noting that there were no recommendations to resolve, the Office on Violence Against Women (OVW) has no further comments to be made regarding your review.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rodney Samuels of my staff at (202) 514-9820.

cc Angela Wood  
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