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McLean County Auditor's Office

Children's Home & Aid Audit Summary

Final Site Visit Audit Date: August 29, 2013

Objective:

To perform sub-recipient monitoring as required for federal monies passed to Children's Home & Aid (CH+A) in order to determine whether CH+A is operating in compliance with the Safe Havens grant agreements between the U.S. Department of Justice (DOJ) and McLean County on behalf of CH+A (Agreement #2010-CW-AX-K006).

Scope:

- Compliance requirements were determined based on those that could have a direct and material effect on the Safe Havens program identified above as described in the grant agreement and in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*.
- The scope of this examination consisted of reviewing financial transactions and financial documents related to the amounts reported in financial reports, as well as examination of cash management procedures and other required reports.
- The period under audit was January 1, 2013 through July 31, 2013. McLean County was audited through the fiscal year ended December 31, 2012 so the prior grant periods did not require additional testing.
- Site visits with Meg Backas, CH+A Family Support Services Program Director, were conducted on August 22 and August 29, 2013.

Background:

- The Safe Havens grant is to be used to increase available supervised visitation and safe exchange services for victims of domestic violence, child abuse, sexual assault, teen dating violence, and stalking.
- The Safe Havens grant period is October 1, 2010 through September 30, 2013. The Catalog of Federal Domestic Assistance (CFDA) Number and Title are: #16.527 Supervised Visitation, Safe Havens for Children.
- CH+A uses Microsoft Dynamics Great Plains as their accounting system. A cost center is used to distinguish the Family Visitation Center, which includes Safe Havens. Transactions specific to the Safe Havens grant are tracked separately in an Excel spreadsheet. The Family Support Services Program Director also maintains a binder with copies of the Safe Havens invoices, organized by account number.

- The CH+A Family Support Services Program Director examines Safe Havens expenses for accuracy, appropriateness, and grant compliance. Check requests are attached to each invoice, approved by the regional vice-president, and forwarded to the Finance Department at the Chicago CH+A office. Invoices for multiple locations are processed by the Finance Department for approval by the regional vice-president.
- Each month, the CH+A Family Support Services Program Director sends a letter with expense listing and Billing Transmittal Form to the McLean County Administrator to request reimbursement of Safe Havens grant expenditures. The County Administrator reviews and approves the request. After the CH+A request has been approved, the County Treasurer's Office requests the drawdown from DOJ. After the drawdown is received by the County, the County Auditor's Office cuts a check to reimburse CH+A.
- CH+A acts as a pass-through for Mid Central Community Action (MCCA). MCCA bills are added to the monthly expense reimbursement requests from CH+A to McLean County in the month they are incurred. Reimbursement for MCCA bills is included in the monthly checks McLean County cuts to CH+A for Safe Havens grant expenditures.
- Reports are due to the U.S. Department of Justice (DOJ) as follows:
 - Quarterly financial reports are due within 30 days of quarter-end.
 - Semi-annual progress reports that describe project activities submitted electronically.
 - The final report must be submitted within 90 days of the end of the award. This requirement is not yet applicable as the grant ends September 30, 2013.
- An audit of CH+A is performed each fiscal year by external auditors for a financial audit and single audit (OMB Circular A-133 compliance report).

Findings:

- All expenditures reported on the monthly Safe Havens Grant submissions for January, March, and May 2013 were tested. Randomly selected and tested 10% of the overall Family Visitation Center expenditures for January through July 2013.
 - All expenditures were reviewed for general accuracy, proper approvals, and applicable forms. Safe Havens grant expenditures were also tied to the Excel spreadsheet and reviewed for allowable activities within the correct period.
 - All the Safe Havens expenditures tested appeared to be for allowable activities.
 - Found five instances of incomplete forms or approvals. Four of these instances were Safe Havens grant expenditures. All five instances appear to have been missing check request forms or the appropriate approvals because the file copy was made before all steps were completed.
 - Found twelve date discrepancies in Safe Havens expenditures for a May conference. The purchase of plane tickets for the May travel was listed on the March grant submission with an April date. Eight travel and meal reimbursements were listed on the May grant submission with April dates but were listed on the General Ledger with May dates. Three travel and meal reimbursements were listed on the May grant submission with June dates but were listed on the General Ledger with May dates. All expenses appear to have been reported in the correct period but with dates outside that period.

- Randomly selected and tested 40% of the Safe Havens Grant receipts for January through July 2013. Randomly selected and tested 10% of the overall Family Visitation Center receipts for January through July 2013.
 - All receipts were reviewed for general accuracy, approvals, timely deposit, and clearing the bank. Safe Havens grant drawdowns were also tied to the McLean County General Ledger and grant tracking spreadsheet, and were reviewed for County approval.
 - As a follow-up to findings in the last sub-recipient monitoring performed on the Safe Havens grant, verified that the grant revenue is being recorded in a timely manner on the CH+A general ledger and matches the expenditures listed on the Safe Havens spreadsheet.
 - Found no items of note or concern in review of CH+A receipts.
- The funds passed by CH+A to Mid Central Community Action (MCCA) were not included in the Summary of Subrecipient Payments in the Notes to the Schedule of Expenditures of Federal Awards (SEFA) for the fiscal years ended June 30, 2011 and June 30, 2012.
 - MCCA costs are included in the monthly Safe Havens Grant submissions as they come up. CH+A receives reimbursements from McLean County for the total Safe Havens Grant submissions, including any MCCA costs. CH+A pays MCCA after receiving reimbursement of the Safe Havens Grant.
 - Communication with CH+A Director of Finance reveals confusion regarding the subrecipient status of MCCA. This question was brought up and listed as a finding in the 2011 subrecipient monitoring of CH+A. At that time, the finding was considered too immaterial to restate the fiscal year 2011 reports. No adjustment was made to the fiscal year 2012 reports. CH+A believes that MCCA is a subrecipient of McLean County, not of CH+A, because the County receives the Safe Havens Grant drawdowns and could have reimbursed MCCA directly.
 - The amount passed through to MCCA in fiscal year 2011 was \$2,691.
 - The amount passed through to MCCA in fiscal year 2012 was \$3,294.
- All quarterly fiscal and semi-annual progress reports have been filed within the appropriate filing deadlines. The tested reports for July 2012 through June 2013 were filed in a timely manner, with appropriate signatures, and appear complete.
- Reviewed the CH+A Consolidated Financial Statements for the years ended June 30, 2012 and 2011, and the CH+A OMB Circular A-133 Report for the year ended June 30, 2012 (external auditor's financial and single audit).
 - Found no items of note or concern in the financial statements.
 - The only issue for the A-133 Report was the unlisted MCCA subrecipient payments noted in the findings above.

Recommendations:

- The McLean County Auditor's Office recommends that the Safe Havens Grant file copies of invoices kept at the Family Visitation Center be maintained in a more complete fashion. The copies should include all the forms and approvals that are obtained for payment. We recommend that the CH+A Finance Staff work with the CH+A Family Support Services Program Director to find a more efficient method of maintaining these file copies onsite. An electronic format could reduce the paper duplication and would allow all the copies to be stored in the same format.

- The McLean County Auditor's Office recommends that dates entered on the Safe Havens Grant submissions match the general ledger. Using the invoice dates can create a great deal of confusion, especially for travel advances and reimbursements. It would be much clearer to match reported expenses to the general ledger dates.
- The McLean County Auditor's Office recommends that CH+A record the funds passed through to MCCA as subrecipient payments in the Notes to the SEFA. CH+A receives Safe Havens Grant money and pays part of that to MCCA as reimbursement for grant-related expenses. This qualifies MCCA as a subrecipient of CH+A.

Management Response:

Meg Backas, CH+A Family Support Services Program Director, accepted the findings and recommendations of the sub-recipient monitoring of the CH+A Safe Havens grant. In her email, Meg Backas stated that CH+A will work to incorporate the recommendations in their daily practices.

Conclusion:

After reviewing all the above, I believe my audit provides a reasonable basis for my opinion. This audit does not provide a legal determination on the Agency's compliance with the requirements. It is my opinion that, Children's Home + Aid is operating, in all material respects, in compliance with the requirements referred to above that could have a direct and material effect on the grant agreement between the U.S. Department of Justice and McLean County (Agreement #2010-CW-AX-K006).

Anni Cummings

10/16/2013

**Anni Cummings
Chief Deputy Auditor
McLean County**

Date