

Audit Report

District Health Department #10
WIC and Family Planning Programs

October 1, 2012 – September 30, 2013



Office of Audit
Quality Assurance and Review
October 2014



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF AUDIT
400 S. PINE; LANSING, MI 48933

NICK LYON
DIRECTOR

October 3, 2014

Linda VanGills, MA, Health Officer
District Health Department #10
3986 N. Oceana Drive
Hart, MI 49420

Dear Ms. VanGills:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the District Health Department #10 WIC and Family Planning Programs for the period October 1, 2012 through September 30, 2013.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions, findings and recommendations; Statements of MDCH Grant Program Revenues and Expenditures; Cost vs. Amounts Billed for Supplies and Services, Corrective Action Plans; and Comments and Recommendations. The conclusions and findings are organized by audit objective. The Corrective Action Plans, and Comments and Recommendations include the agency's response to the Preliminary Analysis.

As noted in the Audit Report, Finding #4 affected funding for four MDCH programs and funds are due back to MDCH. Please remit a check payable to the State of Michigan for \$7,229 to the following address by October 31, 2014:

Lisa Halverson, Manager
Revenue Operations Section, Accounting Division
Michigan Department of Community Health
P.O. Box 30437
Lansing, MI 48909

Thank you for the cooperation extended throughout this audit process.

Sincerely,

A handwritten signature in cursive script that reads "Debra S. Hallenbeck".

Debra S. Hallenbeck, Manager
Quality Assurance and Review, Office of Audit

Enclosure

cc: Stan Bien, Director, WIC Division
Paulette Dobyne Dunbar, Director, Division of Family and Community Health
Jeanette Lightning, Manager, Reproductive Health Unit
Pam Myers, Director, Office of Audit
Lisa Halverson, Manager, Revenue Operations Section, Accounting Division
Steve Utter, Financial Analyst, Division of Family and Community Health

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DESCRIPTION OF AGENCY

The District Health Department #10 (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a component unit of Newaygo County, which is the reporting entity, and the administrative office is located in White Cloud, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners from Crawford, Kalkaska, Lake, Manistee, Mason, Mecosta, Missaukee, Newaygo, Oceana, and Wexford Counties. The Health Department provides community health program services to the residents of these ten counties. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Breast and Cervical Cancer Control Prevention, Immunizations, General Communicable Disease Control, Sexually Transmitted Disease Control, AIDS/HIV Prevention, Women Infant and Children Supplemental Food Program (WIC), Bioterrorism Preparedness, Medicaid Outreach, and Family Planning Program.

FUNDING METHODOLOGY

The Health Department services are funded from local appropriations, fees and collections, and grant programs administered through the Michigan Department of Community Health (MDCH), which consist of federal and state funds. MDCH provides the Health Department with grant funding monthly based on Financial Status Reports in accordance with the terms and conditions of each grant agreement and budget.

The Family Planning Program was funded by MDCH Grant Funds, First and Third Party Fees and Collections, Local and Other Revenue. Grant funding from MDCH for the Family Planning Program is federal funding under federal catalog numbers 93.217 and 93.994, and is subject to performance requirements. That is, reimbursement from MDCH is based upon the understanding that a certain level of performance (measured in caseload established by MDCH) must be met in order to receive full reimbursement of costs (net of program income and other earmarked sources) up to the contracted amount of grant funds prior to any utilization of local funds.

The WIC Programs were funded by MDCH Grant Funds and Other Local Funds. Grant funding from MDCH for the WIC Programs is federal funding under federal catalog number 10.557, and is first source funding subject to performance requirements.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the Family Planning Program and WIC Program internal controls and financial reporting, and to determine the MDCH shares of Family Planning Program and WIC Program costs. The following were the specific objectives of the audit:

1. To assess the Health Department's effectiveness in establishing and implementing internal controls over the Family Planning and WIC Programs.
2. To assess the Health Department's effectiveness in reporting their financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH shares of cost for the Family Planning and WIC Programs in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

SCOPE AND METHODOLOGY

We examined the Health Department's records and activities for the fiscal period October 1, 2012 to September 30, 2013. Our review procedures included the following:

- Reviewed the most recent Health Department Single Audit report for any Family Planning Program or WIC Program concerns.
- Reviewed the completed internal control questionnaire.
- Reconciled the Family Planning Program and WIC Program Financial Status Reports (FSRs) to the accounting records.
- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and adherence to policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space costs for proper reporting and compliance with Federal requirements.
- Reviewed Family Planning Medical Supply inventory records.
- Reviewed Family Planning billing and collection of fees, and collection of donations.

Our audit did not include a review of program content or quality of services provided.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROLS

Objective 1: To assess the Health Department's effectiveness in establishing and implementing internal controls over the Family Planning and WIC Programs.

Conclusion: The Health Department was effective in establishing and implementing internal controls over the Family Planning and WIC Programs. We noted one exception related to the Family Planning Program that was also cited in our last audit of FYE 2011. We noted that billing rates were not sufficient to recover cost (Finding #1).

Finding

1. Billing Rates Not Sufficient to Recover Cost (Repeat)

The Health Department's billing rates for family planning services and supplies were generally too low to recover cost. Therefore, clients from households with an annual income that exceeded 250% of the poverty guideline were not charged for the reasonable cost of providing services as required by Title X regulations.

For our test, we multiplied the billing rate for each service and supply times the number of times each service/supply was provided during the year. This determined the maximum annual recovery if every client was billed (and paid) the maximum amount billable per the fee schedule. When this was compared to the total cost of \$1,290,331 we found the rates used would not recover \$766,543 of the cost (see Cost vs. Amounts Billed for Supplies and Services Schedule).

Title X regulations at 42CFR59.5 (a) state, in part:

*...Each project supported under this part must:
...(8) Provide that charges will be made for services to persons other than those from low-income families in accordance with a fee schedule of discounts based on ability to pay, except that charges to persons from families whose annual income exceeds 250 percent of the levels set forth in the most recent Poverty Guidelines...will be made in accordance with a schedule of fees designed to recover the reasonable cost of providing services....*

Because the Health Department fee schedule cannot recover the total cost of services and supplies, amounts charged to persons from families whose annual income exceeds 250% of the Poverty Guidelines will not recover the reasonable cost of providing services.

The estimated effect is that an amount potentially recoverable from clients was paid from local revenues. Because the amount recovered from all clients was \$21,340 and billing rates were 59.4% below full cost recovery, we can estimate the effect was \$31,230 for the year.

This issue was also cited in the FYE 2011 audit. The Health Department's response was that the fee schedule was based on actual direct service costs and does not include all of the indirect/administrative overhead costs, which they choose not to pass on to the client. However, MDCH responded by pointing out that the fee schedule did not cover direct service costs let alone any administrative costs, and that Federal regulation requires that fees need to be set to recover the reasonable cost of providing services and this would include both direct costs and indirect administrative costs. While it appears that fees have been increased since FYE 2011, they are not able to recover the cost of providing services.

Recommendation

We recommend that the Health Department comply with the Title X regulations by increasing its billing rates to an amount that is sufficient to recover the reasonable cost of services. If, however, the Health Department chooses to set fees lower than what is required to recover actual costs, the Health Department must adopt a policy designating the percentage of the cost the fee is to represent in accordance with Section 6.3.1 of the MDCH Title X Family Planning Standards and Guidelines.

FINANCIAL REPORTING

Objective 2: To assess the Health Department's effectiveness in reporting their financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Health Department generally reported their financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles. However, we noted an exception with the classification of longevity payments (Finding #2), an exception with not reporting fees and collections for the Family Planning Program on the cash basis as required (Finding #3), and an exception regarding indirect costs (Finding #4).

Finding

2. Longevity Payments Classified as Fringe Benefits (Repeat)

The Health Department improperly classified longevity payments as fringe benefits on the FSR.

Generally Accepted Accounting Principles (GAAP) require the classification of taxable payments to employees as salaries and wages and not as fringe benefits, and costs must be properly classified on the FSR.

This issue was also cited in the FYE 2011 audit. The Health Department's response was that longevity payments will be classified as wages in the general ledger and financial reports.

Adjustments to properly classify costs are shown on the attached Statements of MDCH Grant Program Revenues and Expenditures.

Recommendation

We recommend that the Health Department adopt policies and procedures to ensure longevity payments are properly classified as salaries and wages on FSRs in the future.

Finding

3. Fees and Collections Reported on Accrual Basis

The Health Department reported their fees and collections for the Family Planning Program on the accrual basis rather than the cash basis as required by the FSR Instructions.

Per the MDCH grant agreement, Part II General Provisions, Section 1 Responsibilities – Contractor, B – Fees, “*Make reasonable efforts to collect 1st and 3rd party fees, where applicable, and report these as outlined by the Department’s fiscal procedures.*”

Per the MDCH Financial Status Report Instructions, Section I, “*The Financial Status Report is to be prepared reporting...revenue on an accrual basis, with the exception of fees which should be reported on a cash basis as received.*”

The actual cash received from clients and 3rd parties in FYE 2013 totaled \$234,002. The Health Department booked \$262,018 in fees and collections in FYE 2013 on an accrual basis and reported this amount on the FSR. Therefore, the fees and collections were overstated \$28,016 on the FSR. The over reported fees will have no effect on MDCH funding.

Adjustments to properly report fees and collections are shown on the attached Family Planning Program Statement of MDCH Grant Program Revenues and Expenditures.

Recommendation

We recommend that the Health Department report fees and collections received on a cash basis on the FSR.

Finding

4. Applicable Credits Not Netted Against the Indirect Cost Pool

The Health Department did not offset applicable credits against the indirect cost pool when calculating their indirect cost rate.

According to OMB Circular A-87 (located at 2 CFR Part 225), Appendix A, Section C.1.i, for costs to be allowable, they must “*Be the net of all applicable credits.*” Applicable credits are receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs according to Section C.4.a.

The Health Department received credits from Office Depot, Blue Cross Blue Shield, Liability Insurance, and conference fee expenses. These credits, however, were not used to offset indirect cost pool expenditures as required. This caused an overstatement of the indirect expenses for WIC (\$5,201), WIC Breastfeeding (\$1,296), WIC Migrant (\$164), and Family Planning (\$3,644). The variances for these programs will not affect funding due to the amount of local funding in each program. However, this variance will affect funding for the Children’s Special Health Care Services (CSHCS) (\$348), Immunizations MCIR (\$1,834), Medicaid Outreach (\$1,462), and Wisewoman (\$3,585) programs.

Recommendation

We recommend that the Health Department implement policies and procedures to ensure that all applicable credits are applied to the indirect cost pool when calculating the indirect rate.

MDCH SHARES OF COST AND BALANCE DUE

Objective 3: To determine the MDCH shares of cost for the Family Planning and WIC Programs in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

Conclusion: The MDCH obligation under the Family Planning Program for fiscal year ended September 30, 2013 is \$268,871, which includes \$88,560 in MCH Funding. Under the WIC Program, the MDCH obligation is \$1,422,200, under the WIC Breastfeeding Program is \$201,675, and under the WIC Migrant Program is \$104,399. The attached Statements of MDCH Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments affecting Family Planning Program or WIC Program funding. However, Finding #4 will affect funding for CSHCS (\$348), Immunizations MCIR (\$1,834), Medicaid Outreach (\$1,462), and Wisewoman (\$3,585). The total amount due back to MDCH is \$7,229.

District Health Department #10
WIC Resident
Statement of MDCH Grant Program Revenues and Expenditures
10/1/12 - 9/30/13

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$1,422,200	\$1,422,200 1	\$0	\$1,422,200
Other Non-LPHO	\$0	\$0	\$0	\$0
Local Funds	\$249,298	\$245,464	(\$5,201) 3	\$240,263
TOTAL REVENUES	\$1,671,498	\$1,667,664	(\$5,201)	\$1,662,463
EXPENDITURES:				
Salary & Wages	\$805,962	\$805,945	\$6,829 2	\$812,774
Fringe Benefits	\$447,309	\$422,209	(\$6,829) 2	\$415,380
Supplies	\$32,423	\$34,226	\$0	\$34,226
Travel	\$38,500	\$41,045	\$0	\$41,045
Communications	\$10,332	\$15,945	\$0	\$15,945
Space Cost	\$146,498	\$138,795	\$0	\$138,795
Other Expense	\$20,097	\$25,030	\$0	\$25,030
Admin Overhead	\$212,386	\$236,381	(\$5,201) 3	\$231,180
Other Cost Distribution	(\$42,009)	(\$51,912)	\$0	(\$51,912)
TOTAL EXPENDITURES	\$1,671,498	\$1,667,664	(\$5,201)	\$1,662,463

- 1** Actual MDCH payments provided on a performance reimbursement basis.
2 Longevity reported as Fringe Benefits rather than Salary & Wages (Finding #2).
3 Overstated Indirect Costs (Finding #4).

District Health Department #10
WIC Breastfeeding
Statement of MDCH Grant Program Revenues and Expenditures
10/1/12 - 9/30/13

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$201,675	\$201,675 ¹	\$0	\$201,675
Other Non-LPHO	\$0	\$0	\$0	\$0
Local Funds	\$5,896	\$1,713	(\$1,296) ³	\$417
TOTAL REVENUES	\$207,571	\$203,388	(\$1,296)	\$202,092
EXPENDITURES:				
Salary & Wages	\$99,355	\$100,229	\$29 ²	\$100,258
Fringe Benefits	\$50,671	\$34,695	(\$29) ²	\$34,666
Supplies	\$3,643	\$3,469	\$0	\$3,469
Travel	\$8,000	\$6,655	\$0	\$6,655
Communications	\$1,599	\$2,543	\$0	\$2,543
Space Cost	\$14,910	\$24,675	\$0	\$24,675
Other Expenses	\$2,298	\$4,429	\$0	\$4,429
Admin Overhead	\$27,095	\$26,694	(\$1,296) ³	\$25,398
Other Cost Distribution	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$207,571	\$203,388	(\$1,296)	\$202,092

- ¹ Actual MDCH payments provided on a performance reimbursement basis.
² Longevity reported as Fringe Benefits rather than Salary & Wages (Finding #2).
³ Overstated Indirect Costs (Finding #4).

District Health Department #10
WIC Migrant
Statement of MDCH Grant Program Revenues and Expenditures
10/1/12 - 9/30/13

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$104,399	\$104,399 ¹	\$0	\$104,399
Other Non-LPHO	\$0	\$0	\$0	\$0
Local Funds	\$168	\$184	(\$164) ³	\$20
TOTAL REVENUES	\$104,567	\$104,583	(\$164)	\$104,419
EXPENDITURES:				
Salary & Wages	\$30,871	\$23,241	\$475 ²	\$23,716
Fringe Benefits	\$15,874	\$15,457	(\$475) ²	\$14,982
Supplies	\$386	\$404	\$0	\$404
Travel	\$850	\$459	\$0	\$459
Communications	\$397	\$458	\$0	\$458
Space Cost	\$4,926	\$4,402	\$0	\$4,402
Other Expenses	\$812	\$804	\$0	\$804
Admin Overhead	\$8,442	\$7,448	(\$164) ³	\$7,284
Other Cost Distribution	\$42,009	\$51,912	\$0	\$51,912
TOTAL EXPENDITURES	\$104,567	\$104,583	(\$164)	\$104,419

- ¹ Actual MDCH payments provided on a performance reimbursement basis.
² Longevity reported as Fringe Benefits rather than Salary & Wages (Finding #2).
³ Overstated Indirect Costs (Finding #4).

District Health Department #10
Family Planning Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/12 - 9/30/13

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$180,311	\$180,311 1	\$0	\$180,311
Fees 1 st & 2 nd Party	\$22,000	\$23,795	(\$2,455) 3	\$21,340
Fees & Collections - 3 rd Party	\$222,000	\$238,223	(\$25,561) 3	\$212,662
Federal Cost Based Reimburse	\$0	\$10,124	\$0	\$10,124
MCH Funding	\$88,560	\$88,560	\$0	\$88,560
Local Funds	\$768,001	\$749,317	\$24,372 3,4	\$773,689
TOTAL REVENUES	\$1,280,872	\$1,290,331	(\$3,644)	\$1,286,687
EXPENDITURES:				
Salary & Wages	\$584,911	\$591,480	\$5,295 2	\$596,775
Fringe Benefits	\$297,556	\$269,129	(\$5,295) 2	\$263,834
Contractual	\$7,500	\$4,839	\$0	\$4,839
Supplies	\$91,806	\$106,525	\$0	\$106,525
Travel	\$21,000	\$27,169	\$0	\$27,169
Communications	\$10,019	\$12,121	\$0	\$12,121
Space Cost	\$93,339	\$96,077	\$0	\$96,077
Other Expenses	\$15,368	\$17,352	\$0	\$17,352
Admin Overhead	\$159,373	\$165,640	(\$3,644) 4	\$161,996
Other Distributions	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$1,280,872	\$1,290,331	(\$3,644)	\$1,286,687

- 1** Actual MDCH payments provided on a performance reimbursement basis.
- 2** Longevity reported as Fringe Benefits rather than Salary & Wages (Finding #2).
- 3** Convert Fees from Accrual to Cash Basis (Finding #3).
- 4** Overstated Indirect Costs (Finding #4).

**District Health Department #10
Family Planning
Cost vs. Amounts Billed for Supplies and Services Schedule
10/1/12 – 9/30/13**

<u>Procedure</u>	<u>Total Charges</u>
New Patient (12-17)	\$13,765.00
New Patient (18-39)	\$62,785.00
New Patient (40+)	\$1,760.00
NP Limited New Patient	\$420.00
NP Low Complexity	\$14,465.00
Established	
NP Mod Complexity	\$1,475.00
Established	
Existing Patient (5-11)	\$125.00
Existing Patient (12-17)	\$9,860.00
Existing Patient (18-39)	\$109,335.00
Existing Patient (40+)	\$2,900.00
Transfer Visit 15 min	\$1,680.00
Transfer Visit 20 min	\$5,140.00
Transfer Visit 30 min	\$9,330.00
Counseling – Pregnancy	\$10,530.00
Test	
Revisit 10 min	\$23,375.00
Revisit 20 min	\$22,620.00
Revisit 5 min	\$12,360.00
Revisit Cont Mgmt 10 Min	\$5,110.00
Revisit FP Advise 5 Min	\$3,720.00
RN	
Revisit 10 Min Breast	\$410.00
Revisit 10 Min Cervical	\$3,620.00
Revisit 15 Min Other	\$2,950.00
Revisit 15 Min GC Exam	\$390.00
GC/Chlamydia	\$2,060.00
Wet Mount	\$2,650.00
Gonorrhea	\$220.00
Administration	\$7,257.00
Teraconazole	\$188.00
Pap Smear Traditional	\$10,425.00
Pap Smear Thin Prep	\$3,640.00
Pap Conveyance	\$31,855.00
Hemoglobin	\$440.00
Pregnancy Test	\$7,570.00
Urinalysis	\$30.00
Urinalysis Dip W/O Micro	\$295.00
Other Services	\$19,272.00
Azithromycin	\$930.00
Aviane	\$2,910.00
Micronor	\$5,894.00
Ortho Cyclen	\$28,089.00
HPV - FP	\$144.00
Ceftriaxone	\$200.00
Metronidazole	\$840.00
DoxyCycline	\$100.00
Mail Order Charge	\$850.00
Ortho Evra Patch	\$9,275.00
Depo	\$25,032.76
Diaphragm	\$188.00
IUD Paragard	\$2,275.00
IUD Mirena	\$8,500.00
IUD Insertion	\$2,550.00
IUD Removal	\$2,700.00
IUD Insertion & Removal	\$1,500.00
Foam	\$580.00
Nuva Ring	\$15,780.00
Plan B	\$1,988.00
Other Contraceptives	\$1,040.00
Condoms	\$8,395.00
	<hr/>
	\$523,787.51
Total Expenses	<hr/>
	\$1,290,330.59
(Shortfall)/Excess	<hr/> <hr/>
	(\$766,543.08)

Corrective Action Plan

Finding Number: 1

Page Reference: 3

Finding: **Billing Rates Not Sufficient to Recover Cost (Repeat)**

The Health Department's billing rates for family planning services and supplies were generally too low to recover cost. Therefore, clients from households with an annual income that exceeded 250% of the poverty guideline were not charged for the reasonable cost of providing services as required by Title X regulations.

Recommendation: Comply with the Title X regulations by increasing billing rates to an amount that is sufficient to recover the reasonable cost of services. If, however, the Health Department chooses to set fees lower than what is required to recover actual costs, the Health Department must adopt a policy designating the percentage of the cost the fee is to represent in accordance with Section 6.3.1 of the MDCH Title X Family Planning Standards and Guidelines.

**Health Department
Comments:**

The Health Department is in the process of revising their fee structure.

Corrective Action: The Health Department will determine the cost of providing the service and also determine the recommended fee for the area. The fee schedule will be approved by the Board of Health.

**Anticipated
Completion Date:** In Process

MDCH Response: None

Corrective Action Plan

Finding Number: 2

Page Reference: 4

Finding: Longevity Payments Classified as Fringe Benefits (Repeat)

The Health Department improperly classified longevity payments as fringe benefits on the FSR.

Recommendation: Adopt policies and procedures to ensure that all taxable payments to employees are properly recorded as salaries and wages on the FSRs in the future.

Health Department

Comments: None

Corrective Action: Longevity payments are now reflected in the wage category in the general ledger and financial reports.

Anticipated

Completion Date: Completed

MDCH Response: None

Corrective Action Plan

Finding Number: 3

Page Reference: 5

Finding: Fees and Collections Reported on Accrual Basis

The Health Department reported their fees and collections for the Family Planning Program on the accrual basis rather than the cash basis as required by the FSR Instructions.

Recommendation: Report fees and collections received on a cash basis on the FSR.

**Health Department
Comments:** None

Corrective Action: Fees for services and payments by third parties and any other collections will be reported when received during the current report period.

**Anticipated
Completion Date:** Fiscal year 2014

MDCH Response: None

Corrective Action Plan

Finding Number: 4

Page Reference: 5

Finding: Applicable Credits Not Netted Against the Indirect Cost Pool

The Health Department did not offset applicable credits against the indirect cost pool when calculating their indirect cost rate.

Recommendation: Implement policies and procedures to ensure that all applicable credits are applied to the indirect cost pool when calculating the indirect rate.

**Health Department
Comments:** None

Corrective Action: Applicable credits are now applied to the indirect cost pool when calculating the indirect rate.

**Anticipated
Completion Date:** Fiscal year 2014

MDCH Response: None

Comments and Recommendations

1. Billings to Clients with Health Insurance

When charging clients who have health insurance, the Health Department charges clients the lesser amount of the client's obligation per the sliding fee scale or the balance after insurance pays for their portion of the charge. However, this method does not agree with guidance provided by the Region V, Office of Population Affairs (OPA). OPA advises grantees to apply the sliding fee scale discount to the full charge. The insurance payment must be applied to the client's owed amount, and then any remaining balance can be billed. We recommend that the Health Department amend their billing procedures to follow the guidance provided by the Region V, Office of Population Affairs.

Management Response: The Administrative Services Director for the Health Department plans to review the process with the Insight Billing Program to ensure the Health Department is charging clients based on the Region V guidance.