

# Audit Report

## **Livingston County Health Department WIC Program**

October 1, 2006 – September 30, 2007



Office of Audit  
Quality Assurance and Review Section  
March 2009



JENNIFER M. GRANHOLM  
GOVERNOR

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

JANET OLSZEWSKI  
DIRECTOR

March 20, 2009

Ted Westmeier, R.S., M.P.H.  
Health Officer  
Livingston County Health Department  
2300 East Grand River, Suite #102  
Howell, Michigan 48843-7578

Dear Mr. Westmeier:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Livingston County Health Department WIC Program for the period October 1, 2006 through September 30, 2007.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions; and Statement of MDCH Grant Program Revenues and Expenditures. No exceptions were noted during our review.

Thank you for the cooperation extended our auditors.

Sincerely,

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

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

cc: Stan Bien, Director, WIC Division  
Pam Myers, Director, Office of Audit  
David Figg, Audit Manager, Office of Audit

# TABLE OF CONTENTS

	Page
Description of Agency .....	1
Funding Methodology .....	1
Purpose and Objectives .....	1
Scope and Methodology .....	2
<u>Conclusions, Findings, and Recommendations</u>	
Internal Controls .....	2
Financial Reporting .....	2
MDCH Share of Costs and Balance Due .....	3
Statement of MDCH Grant Program Revenues and Expenditures .....	4

## **DESCRIPTION OF AGENCY**

The Livingston County Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Livingston County, and the administrative office is located in Howell, Michigan. The Health Department operates under the legal supervision and control of the Board of Commissioners of Livingston County. The Health Department provides community health program services to the residents of Livingston County. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease, Sexually Transmitted Disease Control, Childhood Lead Prevention, Children's Special Health Care Services, Maternal and Child Health, Public Health Preparedness/Pandemic Flu, and Women Infants and Children (WIC) Supplemental Food Program.

## **FUNDING METHODOLOGY**

The Health Department services are funded from local appropriations, fees and collections, and grant programs. The Michigan Department of Community Health (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.

Grant funding from MDCH for the WIC Program is federal funding under federal catalog number 10.557, and is first source funding, 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.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess the WIC Program internal controls and financial reporting, and to determine the MDCH share of 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 WIC Program.
2. To assess the Health Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH share of costs for the WIC Program 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, 2006 to September 30, 2007. Our review procedures included the following:

- Reviewed the most recent Livingston County Single Audit report for any WIC Program concerns.
- Completed the internal control questionnaire.
- Reconciled the WIC Program Financial Status Report (FSR) to the accounting records.
- Reviewed payroll, indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed WIC equipment inventory.
- Reviewed WIC coupon inventory controls.

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 WIC Program.

**Conclusion:** The Health Department was effective in establishing and implementing internal controls over the WIC Program. No internal control exceptions were noted.

### FINANCIAL REPORTING

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

**Conclusion:** The Health Department reported its WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

## **MDCH SHARE OF COSTS AND BALANCE DUE**

**Objective 3:** To determine the MDCH share of costs for the WIC Program 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 WIC Program for fiscal year ended September 30, 2007, is \$175,550. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting WIC grant program funding.

**Livingston County Health Department  
WIC Supplemental Food Program  
Statement of MDCH Grant Program Revenues and Expenditures  
10/1/06 - 9/30/07**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$175,550	\$175,550 <sup>1</sup>	\$0	\$175,550
Local and Other Funds	\$57,336	\$59,954	\$0	\$59,954
<b>TOTAL REVENUES</b>	\$232,886	\$235,504	\$0	\$235,504
<b>EXPENDITURES:</b>				
Salary and Wages	\$142,220	\$142,250	\$0	\$142,250
Fringe Benefits	\$72,532	\$75,224	\$0	\$75,224
Equipment	\$0	\$0	\$0	\$0
Supplies	\$5,850	\$4,473	\$0	\$4,473
Travel	\$825	\$320	\$0	\$320
Communications	\$2,727	\$850	\$0	\$850
Central Service Cost	\$8,800	\$8,800	\$0	\$8,800
Space Cost	\$17,607	\$16,305	\$0	\$16,305
Other Expense	\$16,284	\$18,167	\$0	\$18,167
Admin. - Indirect Cost	\$47,245	\$46,464	\$0	\$46,464
Nursing Administration	\$39,347	\$33,202	\$0	\$33,202
Lead / Medicaid Outreach	(\$120,551)	(\$110,551)	\$0	(\$110,551)
<b>TOTAL EXPENDITURES</b>	\$232,886	\$235,504	\$0	\$235,504

<sup>1</sup> Actual MDCH payments provided on a performance reimbursement basis.