



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

September 20, 2016

Jill Sutton, Executive Director
Mid-Michigan Community Action Agency
1574 E Washington Road
P.O. Box 768
Farwell, Michigan 48622

Dear Ms. Sutton:

Enclosed is our final report from the Michigan Department of Health and Human Services audit of the Mid-Michigan Community Action Agency WIC Program for the period October 1, 2014 through September 30, 2015.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions, findings and recommendations; Statements of Grant Program Revenues and Expenditures. No exceptions were noted during our audit.

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
Bureau of Audit, Reimbursement and Quality Assurance

Enclosure

cc: Stan Bien, Director, WIC Division
Pam Myers, Director, Bureau of Audit, Reimbursement and Quality Assurance
Brenda Champion, Auditor, Quality Assurance and Review
Chad Hathcock, Financial Controller, Mid-Michigan Community Action Agency

Audit Report

Mid-Michigan Community Action Agency
WIC Program

October 1, 2014 – September 30, 2015



Bureau of Audit, Reimbursement, and Quality Assurance
Quality Assurance and Review
September 2016

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>	
<u>Financial Reporting</u>	2
<u>MDHHS Shares of Cost and Balance Due</u>	3
Statement of Grant Program Revenues and Expenditures - WIC.....	4
Statement of Grant Program Revenues and Expenditures - Breastfeeding	5

DESCRIPTION OF AGENCY

Mid-Michigan Community Action Agency, Inc. ("Agency") is organized as a not-for-profit agency under the provisions of 501(c) (3) of the Internal Revenue Code. The Agency's Administrative Office is located in Farwell, Michigan. The Agency operates under the legal supervision and control of its Board of Directors. The Agency provides program services in the counties of Bay, Clare, Gladwin, Mecosta, Midland, and Osceola. These services include weatherization; emergency shelter; food and utility assistance; Head Start; the Women, Infants, and Children (WIC) Supplemental Food Program, WIC Peer Counseling; and other programs for the purpose of assisting low income individuals.

FUNDING METHODOLOGY

The Agency receives funding primarily from federal and state government grants including the WIC Program and WIC Breastfeeding Program grants administered through the Michigan Department of Health and Human Services (MDHHS). MDHHS grant funding is reimbursed monthly, based on Financial Status Reports, in accordance with the terms and conditions of the grant agreement and budget. Grant funding from MDHHS for the WIC Programs is federal funding under federal catalog number 10.557.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the WIC Program and WIC Breastfeeding Program financial reporting, and to determine the MDHHS shares of cost. The following were the specific objectives of the audit:

1. To assess the Agency's effectiveness in reporting their WIC Program and WIC Breastfeeding Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles.
2. To determine the MDHHS shares of cost for the WIC Program and WIC Breastfeeding Program in accordance with applicable MDHHS requirements and agreements, 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, 2014 to September 30, 2015. Our review procedures included the following:

- Reviewed the most recent Mid-Michigan Community Action Agency Inc., Single Audit report for any WIC, or WIC Breastfeeding Program concerns.
- Reviewed the completed Subrecipient Questionnaire.
- Reconciled the WIC Program and WIC Breastfeeding Program Financial Status Reports (FSR's) to the accounting records.
- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and policy and approval procedures.
- Reviewed space/lease cost and other expense allocations for reasonableness, and an equitable methodology.

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 in reporting their WIC Program and WIC Breastfeeding Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Agency was effective in reporting their WIC and WIC Breastfeeding Programs' financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles. No exceptions were noted.

MDHHS SHARES OF COST AND BALANCE DUE

Objective 2: To determine the MDHHS shares of cost for the WIC and WIC Breastfeeding Programs in accordance with applicable MDHHS requirements and agreements, and any balance due to or due from the Agency.

Conclusion: The MDHHS obligations under the WIC and WIC Breastfeeding Programs for fiscal year ended September 30, 2015, were \$319,069 and \$38,695 respectively. The attached Statements of MDHHS Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments affecting the WIC or WIC Breastfeeding Program funding.

**Mid MI CAA
WIC Special Supplemental
Statement of Grant Program Revenues and Expenditures
10/1/14 - 9/30/15**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$333,603	\$319,069 ¹		\$319,069
TOTAL REVENUES	\$333,603	\$319,069	\$0	\$319,069
EXPENDITURES:				
Salary & Wages	\$201,668	\$198,316		\$198,316
Fringe Benefits	\$52,309	\$42,935		\$42,935
Contractual	\$15,600	\$15,866		\$15,866
Supplies & Materials	\$17,940	\$14,210		\$14,210
Travel	\$4,000	\$6,023		\$6,023
Other	\$42,086	\$41,719		\$41,719
Indirect Costs	\$0	\$0		\$0
TOTAL EXPENDITURES	\$333,603	\$319,069	\$0	\$319,069

¹ Actual MDHHS payments.

**Mid MI CAA
WIC Breastfeeding Peer Counselor
Statement of Grant Program Revenues and Expenditures
10/1/14 - 9/30/15**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$38,695	\$38,695 ¹		\$38,695
TOTAL REVENUES	\$38,695	\$38,695	\$0	\$38,695
EXPENDITURES:				
Salary & Wages	\$22,000	\$21,768		\$21,768
Fringe Benefits	\$9,605	\$12,082		\$12,082
Contractual	\$1,575	\$1,291		\$1,291
Supplies & Materials	\$1,000	\$181		\$181
Travel	\$540	\$696		\$696
Other	\$3,975	\$2,677		\$2,677
Indirect Costs	\$0	\$0		\$0
TOTAL EXPENDITURES	\$38,695	\$38,695	\$0	\$38,695

¹ Actual MDHHS payments.