

Audit Report

Mid-Michigan Community Action Agency, Inc.
WIC Program

October 1, 2001 – September 30, 2002



Office of Audit
Quality Assurance and Review Section
June 2004



JENNIFER M. GRANHOLM
GOVERNOR

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

JANET OLSZEWSKI
DIRECTOR

June 14, 2004

Gary W. Gilbert
Executive Director
Mid-Michigan Community Action Agency, Inc.
1141 North McEwan
Clare, Michigan 48617

Dear Mr. Gilbert:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Mid-Michigan Community Action Agency, Inc. WIC Program for the period October 1, 2001 through September 30, 2002.

The final report contains the following: description of agency, funding methodology, purpose and 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: Alethia Carr, Director, WIC Division
James B. Hennessey, Director, Office of Audit
David Figg, Audit Manager, Office of Audit

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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 Clare, Michigan. The Agency operates under the legal supervision and control of its Board of Directors, who represents the public, private, and consumer sectors from each of the six counties served.

The Agency was established in 1966 to assist in the "war on poverty." Its mission is to reduce the causes and conditions of poverty within its service area of Bay, Clare, Gladwin, Mecosta, Midland, and Osceola Counties. This is accomplished through "the provision of resources, skills, knowledge, and motivation to improve the economic conditions of low income customers and to help them develop strong family, social, and community interactions."

The Agency's staff work with more than 300 volunteers annually to provide a wide range of services including weatherization, emergency shelter, food and utility assistance, child care, teen mentoring, Head Start, preschool education, parenting education, Early Head Start, 0-3 Secondary Prevention, Early-On, home-making, and a variety of other programs designed to strengthen family unity. Throughout a typical year, the Agency outreach network provides coordinated services to over 20,000 customers. The agency maintains outreach offices in all six counties, provides services in 15 children's centers and operates a Women, Infants, and Children (WIC) Supplemental Food Program.

FUNDING METHODOLOGY

The Agency receives funding from various sources including: U.S. Department of Health and Human Services, U.S. Department of Energy, Federal Emergency Management Agency, U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, Michigan Department of Education, Michigan Family Independence Agency, Michigan State Housing Development Authority, Northeast Michigan Community Services Agency, Clare/Gladwin Intermediate School District, United Way, Local Schools, Community Foundations, Private Contributors, and the WIC Program grant administered through the Michigan Department of Community Health (MDCH). MDCH 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 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 Agency's effectiveness in establishing and implementing internal controls over the WIC Program.
2. To assess the Agency'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 Agency.

SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal period October 1, 2001 to September 30, 2002. We performed our review procedures in December 2003. Our review procedures included the following:

- Reviewed the most recent Mid-Michigan Community Action Agency, Inc. 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 a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance, and policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space/lease costs for proper reporting and compliance with Federal Requirements.
- Reviewed WIC equipment inventory and general Agency equipment inventory records.
- Reviewed WIC coupon inventory controls.

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

CONCLUSIONS

INTERNAL CONTROLS

Objective 1: To assess the Agency's effectiveness in establishing and implementing internal controls over the WIC Program.

Conclusion: The Agency 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 Agency'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 Agency was effective 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. 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 Agency.

Conclusion: The MDCH obligation under the WIC Program for fiscal year ended September 30, 2002, is \$190,716. 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.

**Mid-Michigan Community Action Agency
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/01 - 9/30/02**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$190,716	\$190,716 ¹	\$0	\$190,716
Local Funds	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$190,716	\$190,716	\$0	\$190,716
EXPENDITURES:				
Salary and Wages	\$104,625	\$99,053	\$0	\$99,053
Fringe Benefits	\$29,295	\$31,703	\$0	\$31,703
Equipment	\$0	\$0	\$0	\$0
Contractual	\$0	\$0	\$0	\$0
Supplies	\$6,326	\$9,982	\$0	\$9,982
Travel	\$2,200	\$1,984	\$0	\$1,984
Communications	\$0	\$0	\$0	\$0
Space Cost	\$0	\$0	\$0	\$0
Other Expense	\$48,270	\$47,994	\$0	\$47,994
Indirect Cost	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$190,716	\$190,716	\$0	\$190,716

¹ Actual MDCH payments. MDCH funding was provided on a performance reimbursement basis.