

# Audit Report

Bay County Health Department  
Family Planning Program

October 1, 2010 – September 30, 2011



Office of Audit  
Quality Assurance and Review Section  
February 2013



RICK SNYDER  
GOVERNOR

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

JAMES K. HAVEMAN  
DIRECTOR

February 1, 2013

Barbara MacGregor, Administrative Health Officer  
Bay County Health Department  
1200 Washington Ave.  
Bay City, Michigan 48708

Dear Ms. MacGregor:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Bay County Health Department Family Planning Program for the period October 1, 2010 through September 30, 2011.

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. We noted no exceptions during our review.

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: Paulette Dobyne Dunbar, Manager, Division of Family and Community Health  
Jeanette Lightning, Manager, Reproductive Health Unit  
Pam Myers, Director, Office of Audit  
Keith Rubley, Auditor, Office of Audit  
Steve Utter, Financial Analyst, Division of Family and Community Health

# 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.....	3
MDCH Share of Costs and Balance Due.....	3
Statement of MDCH Grant Program Revenues and Expenditures.....	4

## **DESCRIPTION OF AGENCY**

The Bay 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 Bay County and the administrative office is located in Bay City in the Bay County Health Department building. The Health Department operates under the legal supervision and control of the Board of Commissioners of Bay County. The Health Department provides community health programs to residents of Bay County. These services include: Food Protection, Family Planning, Women Infants and Children Supplemental Food Program, Hearing Screening, Vision Screening, Tobacco Reduction, Immunization, Communicable Disease Control, Medicaid Outreach, Drinking Water, Maternal & Infant Support, STD Prevention, Vulnerable Populations, Health Education, Bioterrorism and Emergency Preparedness, Occupational Health, Substance Abuse Services, Laboratory Services and On-Site Sewage.

## **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.

The Family Planning Program was funded by MDCH Grant Funds, First and Third Party Fees and Collections, Local Funds, and other revenue. Grant funding from MDCH for the Family Planning Program is federal funding under federal catalog number 93.217, 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.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess the Family Planning Program internal controls and financial reporting, and to determine the MDCH share of Family Planning 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 Program.
2. To assess the Health Department's effectiveness in reporting their Family Planning 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 Family Planning 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 Family Planning Program records and activities for the fiscal period October 1, 2010 to September 30, 2011. Our review procedures included the following:

- Reviewed the most recent Bay County Health Department Single Audit report for any Family Planning Program concerns.
- Completed an internal control questionnaire.
- Reconciled the Family Planning Program Financial Status Report (FSR) to the accounting records.
- 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 payroll expenditures.
- Reviewed Medical Supply inventory controls.
- Reviewed 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 Program.

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

## **FINANCIAL REPORTING**

**Objective 2:** To assess the Health Department's effectiveness in reporting their Family Planning 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 their Family Planning Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles. No exceptions were noted.

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

**Objective 3:** To determine the MDCH share of costs for the Family Planning 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 Family Planning Program for fiscal year ended September 30, 2011, is \$93,044. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported and allowable costs. The audit made no adjustment affecting Family Planning grant program funding.

**Bay County Health Department  
Family Planning Program  
Statement of MDCH Grant Program Revenues and Expenditures  
10/1/10 - 9/30/11**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$93,044	\$93,044 <sup>1</sup>	\$0	\$93,044
Fees 1 <sup>st</sup> & 2 <sup>nd</sup> Party	\$31,500	\$43,860	\$0	\$43,860
Fees & Collections - 3 <sup>rd</sup> Party	\$49,750	\$26,305	\$0	\$26,305
Fed Cost Based Reimbursement	\$13,134	\$19,118	\$0	\$19,118
Local Funds Other	\$59,403	\$25,392	\$0	\$25,392
Miscellaneous Income	\$0	\$0	\$0	\$.
<b>TOTAL REVENUES</b>	<b>\$246,831</b>	<b>\$207,719</b>	<b>\$0</b>	<b>\$207,719</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$104,276	\$98,076	\$0	\$98,076
Fringe Benefits	\$21,095	\$23,803	\$0	\$23,803
Contractual	\$0	\$0	\$0	\$0
Supplies	\$52,761	\$28,018	\$0	\$28,018
Travel	\$2,075	\$608	\$0	\$608
Communications	\$640	\$519	\$0	\$519
Space Cost	\$0	\$0	\$0	\$0
Admin Overhead	\$51,969	\$50,266	\$0	\$50,266
Nursing Supervision	\$0	\$0	\$0	\$0
Other Expense	\$14,015	\$6,429	\$0	\$6,429
<b>TOTAL EXPENDITURES</b>	<b>\$246,831</b>	<b>\$207,719</b>	<b>\$0</b>	<b>\$207,719</b>

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