

Audit Report

Chippewa County Health Department
Family Planning Program

October 1, 2008 – September 30, 2009



Office of Audit
Quality Assurance and Review Section
January 2011



RICK SNYDER
GOVERNOR

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

OLGA DAZZO
DIRECTOR

January 3, 2011

David Martin, R.S., M.P.A.
Health Officer
Chippewa County Health Department
508 Ashmun Street, Suite 120
Sault Ste. Marie, Michigan 49783

Dear Mr. Martin:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Chippewa County Health Department Family Planning Program for the period October 1, 2008 through September 30, 2009.

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: Paulette Dobyne Dunbar, Manager, Division of Family and Community Health
Pam Myers, Director, Office of Audit
Keith Rubley, Auditor, 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.....	3
MDCH Share of Costs and Balance Due.....	3
Statement of MDCH Grant Program Revenues and Expenditures.....	4

DESCRIPTION OF AGENCY

The Chippewa 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 Chippewa County, and the administrative office is located in Sault Ste. Marie, Michigan. The Health Department operates under the legal supervision and control of the Board of Commissioners of Chippewa County. The Health Department provides community health program services to the residents of Chippewa County. These services include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease Control, Sexually Transmitted Disease Control, Breast and Cervical Cancer Control Program Coordination, Prenatal Outreach, Children's Special Health Care Services Outreach, Women Infants and Children (WIC) Supplemental Food Program, Medicaid Outreach, Tobacco Control, Bioterrorism/Emergency Preparedness/Pandemic Flu, 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 and Local 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 Health Department's records and activities for the fiscal period October 1, 2008 to September 30, 2009. Our review procedures included the following:

- Reviewed the most recent Chippewa County Single Audit report for any Family Planning Program concerns.
- Completed the 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 financial reporting 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, 2009, is \$72,019. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting Family Planning grant program funding.

**Chippewa County Health Department
Family Planning Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/08 - 9/30/09**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$72,019	\$72,019 ¹	\$0	\$72,019
Fees & Col. - 1st & 2nd party	\$13,500	\$21,980	\$0	\$21,980
Fees & Col. - 3rd party	\$56,000	\$65,784	\$0	\$65,784
Cost Based Reimbursement	\$24,485	\$26,088	\$0	\$26,088
Cost Based Reimb Match	\$2,721	\$3,337	\$0	\$3,337
Local and Other Funds	\$50,139	\$3,948	\$0	\$3,948
TOTAL REVENUES	\$218,864	\$193,156	\$0	\$193,156
EXPENDITURES:				
Salary and Wages	\$92,262	\$74,946	\$0	\$74,946
Fringe Benefits	\$30,142	\$26,839	\$0	\$26,839
Supplies	\$43,200	\$44,674	\$0	\$44,674
Travel	\$900	\$2	\$0	\$2
Communications	\$600	\$517	\$0	\$517
Space Cost	\$8,651	\$8,765	\$0	\$8,765
Other Expense	\$7,893	\$6,695	\$0	\$6,695
Indirect Cost - Admin	\$35,216	\$30,718	\$0	\$30,718
TOTAL EXPENDITURES	\$218,864	\$193,156	\$0	\$193,156

¹ Actual MDCH payments provided on a performance reimbursement basis.