

# Audit Report

Community Action Agency, Inc. (Region II)  
WIC Program

October 1, 2012 – September 30, 2013



Office of Audit  
Quality Assurance and Review Section  
December 2014



RICK SNYDER  
GOVERNOR

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

NICK LYON  
DIRECTOR

December 11, 2014

Anthony Samon, Chief Financial Officer  
Community Action Agency, Inc.  
1214 Greenwood  
Jackson, Michigan 49203

Dear Mr. Samon:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Community Action Agency, Inc. WIC Program for the period October 1, 2012 through September 30, 2013.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions, findings and recommendations; and Statement of MDCH Grant Program Revenues and Expenditures. The conclusions, findings, and recommendations are organized by audit objective. 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  
Office of Audit

Enclosure

cc: Stan Bien, Director, WIC Division  
Pam Myers, Director, Office of Audit  
Keith Rubley, Auditor, Office of Audit

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## **DESCRIPTION OF AGENCY**

The Community Action Agency, Inc. – Region II (“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 Jackson, Michigan. The Agency operates under the legal supervision and control of its Board of Directors.

The Agency operates a variety of programs in Education, Community Development, Housing, Economic Self-Sufficiency, and Health & Nutrition in Jackson, Lenawee and Hillsdale Counties. Programs in Lenawee County include the 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 Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Energy, U.S. Department of Labor, U.S. Department of Education, Family Independence Agency, Federal Emergency Management Agency, Michigan Department of Education, Michigan Department of Career Development, United Way Agencies, Michigan State Housing Development Authority, LifeWays, Jackson Community Foundation, various school districts, private contributors, and from grant programs 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.

## **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, 2012 to September 30, 2013. Our review procedures included the following:

- Reviewed the most recent Community Action Agency, Inc. Single Audit report for any WIC Program concerns.
- Reviewed the completed 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 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

### 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 reported 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, 2013, is \$375,232. 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.

**Community Action Agency - (Region II)**  
**WIC Supplemental Food Program**  
**Statement of MDCH Grant Program Revenues and Expenditures**  
**10/1/12 - 9/30/13**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$375,232	\$375,232 <sup>1</sup>	\$0	\$375,232
Local and Other Funds	\$0	\$0	\$0	\$0
Fees & Collections	\$4,000	\$8,000	\$0	\$8,000
<b>TOTAL REVENUES</b>	<b>\$379,232</b>	<b>\$383,232</b>	<b>\$0</b>	<b>\$383,232</b>
<b>EXPENDITURES:</b>				
Salary and Wages	\$199,593	\$209,695	\$0	\$209,695
Fringe Benefits	\$62,936	\$55,940	\$0	\$55,940
Contractual	\$0	\$0	\$0	\$0
Supplies	\$8,900	\$9,562	\$0	\$9,562
Travel	\$3,450	\$3,284	\$0	\$3,284
Space Cost and Other	\$65,236	\$65,171	\$0	\$65,171
Indirect Cost	\$39,117	\$39,580	\$0	\$39,580
<b>TOTAL EXPENDITURES</b>	<b>\$379,232</b>	<b>\$383,232</b>	<b>\$0</b>	<b>\$383,232</b>

<sup>1</sup> Actual MDCH payments.