

Audit Report

Detroit Urban League, Inc.
WIC Program

October 1, 2009 – September 30, 2010



Office of Audit
Quality Assurance and Review Section
May 2012



RICK SNYDER
GOVERNOR

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

OLGA DAZZO
DIRECTOR

May 23, 2012

N. Charles Anderson, President/CEO
Detroit Urban League, Inc.
208 Mack Avenue
Detroit, Michigan 48201

Dear Mr. Anderson:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the WIC 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, findings and recommendations; and Statement of MDCH Grant Program Revenues and Expenditures. The conclusions, findings, and recommendations are organized by audit objective. We noted no exceptions during the 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
Michael Gribbin, Auditor, Office of Audit
Yvonne Willis, VP of Finance and Administration, Detroit Urban League
Helen Williams, Director of WIC, Detroit Urban League

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.....	2
MDCH Share of Costs and Balance Due.....	3
Statement of MDCH Grant Program Revenues and Expenditures.....	4

DESCRIPTION OF AGENCY

The Detroit Urban League, 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 Detroit, Michigan. The Agency operates under the legal supervision and control of its Board of Directors.

The Agency is an affiliate of National Urban League, Inc., and provides various social, educational, and community services in Detroit, Michigan. The programs include the following: Seniors in Community Service Employment Program, Child and Adult Care Food Program, Emergency Needs, Safe and Drug Free Schools – Project Peace, and 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, Life Ways, 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, 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, 2009 to September 30, 2010. Our review procedures included the following:

- Reviewed the most recent Detroit Urban League, 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 controls.

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, 2010, is \$1,030,436. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. We made no financial findings that reduced funding.

Detroit Urban League
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/09 - 9/30/10

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$1,556,078	\$1,030,436 ¹	\$0	\$1,030,436
Local and Other Funds	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$1,556,078	\$1,030,436	\$0	\$1,030,436
EXPENDITURES:				
Salary and Wages	\$863,342	\$690,778	\$0	\$690,778
Fringe Benefits	\$293,536	\$220,946	\$0	\$220,946
Equipment	\$0	\$0	\$0	\$0
Contractual	\$112,593	\$11,836	\$0	\$11,836
Supplies	\$155,607	\$44,962	\$0	\$44,962
Travel	\$40,000	\$4,862	\$0	\$4,862
Space Cost	\$0	\$0	\$0	\$0
Other Expense	\$91,000	\$57,052	\$0	\$57,052
Indirect Cost	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$1,556,078	\$1,030,436	\$0	\$1,030,436

¹ Actual MDCH payments provided on a performance reimbursement basis.