

# Audit Report

## Genesee County Health Department WIC Program

October 1, 2009 – September 30, 2010



Office of Audit  
Quality Assurance and Review  
May 2011



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DEPARTMENT OF COMMUNITY HEALTH  
OFFICE OF AUDIT  
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May 9, 2011

Mark Valacak, MPH, Health Officer  
Genesee County Health Department  
Floyd J. McCree Courts and Human Services Center  
630 S. Saginaw Street, Suite 4  
Flint, Michigan 48502-1540

Dear Mr. Valacak

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Genesee County Health Department WIC Program for the period October 1, 2009 through September 30, 2010.

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 Hallenbeck".

Debra 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 Genesee 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 Genesee County, and the administrative office is located in Flint in the Genesee County Health Department building. The Health Department operates under the legal supervision and control of the Board of Commissioners of Genesee County. The Health Department provides community health programs to residents of Genesee County. These services include: Food Protection, Family Planning, Women Infants and Children (WIC) Supplemental Food Program, Hearing Screening, Vision Screening, HIV/AIDS Prevention, Tobacco Reduction, Immunization, Communicable Disease Control, BCCCP, Medicaid Outreach, Safe Drinking Water, Infant Initiative, STD Control, Environmental Health, Lead Reduction, Bio-Terrorism Preparedness 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.

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 Health Department's effectiveness in establishing and implementing internal controls over the WIC Program.
2. To assess the Health Department'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 Health Department.

## SCOPE AND METHODOLOGY

We examined the WIC Program records and activities for the fiscal period October 1, 2009 to September 30, 2010. Our review procedures included the following:

- Reviewed the most recent Genesee County Health Department 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 adherence to 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 Health Department equipment inventory records.

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 effectiveness in establishing and implementing internal controls over the WIC Program.

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

### FINANCIAL REPORTING

**Objective 2:** To assess the Health Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.

**Conclusion:** The Health Department 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 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 Health Department.

**Conclusion:** The MDCH obligation under the WIC Program for fiscal year ended September 30, 2010 is \$1,778,489. 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.

**Genesee County Health Department  
WIC Program  
Statement of MDCH Grant Program Revenues and Expenditures  
10/1/09 - 9/30/10**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$1,778,489	\$1,778,489 <sup>1</sup>	\$0	\$1,778,489
Fees 1 <sup>st</sup> & 2 <sup>nd</sup> Party	\$0	\$1,358	\$0	\$1,358
Fees & Collections – 3 <sup>rd</sup> Party	\$28,560	\$18,902	\$0	\$18,902
Local and Other Funds	\$380,744	\$111,038	\$0	\$111,038
<b>TOTAL REVENUES</b>	<b>\$2,187,793</b>	<b>\$1,909,787</b>	<b>\$0</b>	<b>\$1,909,787</b>
<b>EXPENDITURES:</b>				
Salary and Wages	\$942,664	\$861,214	\$0	\$861,214
Fringe Benefits	\$657,663	\$605,754	\$0	\$605,754
Supplies	\$28,319	\$12,102	\$0	\$12,102
Travel	\$2,000	\$1,499	\$0	\$1,499
Communications	\$0	\$0	\$0	\$0
Admin Overhead	\$436,305	\$348,383	\$0	\$348,383
Other Expense	\$4,566	\$3,292	\$0	\$3,292
Personal Health Services	\$116,276	\$77,543	\$0	\$77,543
<b>TOTAL EXPENDITURES</b>	<b>\$2,187,793</b>	<b>\$1,909,787</b>	<b>\$0</b>	<b>\$1,909,787</b>

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