

Audit Report

Keweenaw Bay Indian Community WIC Program

October 1, 2008 – September 30, 2009



Office of Audit
Quality Assurance and Review Section
November 2010



JENNIFER M. GRANHOLM
GOVERNOR

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

JANET OLSZEWSKI
DIRECTOR

November 29, 2010

Larry J. Denomie III, CEO
Keweenaw Bay Indian Community
16429 Bear Town Road
Baraga, Michigan 49908

Dear Mr. Denomie:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Keweenaw Bay Indian Community WIC 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: Stan Bien, Director, WIC Division
Pam Myers, Director, Office of Audit
David Figg, Audit Manager, Office of Audit

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DESCRIPTION OF AGENCY

The Keweenaw Bay Indian Community (The Tribe) is governed by the Tribal Council. The Tribe is located on the Keweenaw Bay Reservation in Baraga County, and the administrative office is located in Baraga, Michigan. The Tribe provides a wide variety of general governmental and grant activities including the Women Infants and Children (WIC) Supplemental Food Program.

FUNDING METHODOLOGY

The Tribe's services are funded from local sources, and grant programs. The Michigan Department of Community Health (MDCH) provides The Tribe 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 Tribe's effectiveness in establishing and implementing internal controls over the WIC Program.
2. To assess the Tribe'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 Tribe.

SCOPE AND METHODOLOGY

We examined the Tribe'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 Keweenaw Bay Indian Community 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 payroll expenditures.
- Tested a sample of expenditures for program compliance, and policy and approval procedures.

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

Conclusion: The Tribe 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 Tribe'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 Tribe reported its 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

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 Tribe.

Conclusion: The MDCH obligation under the WIC Program for fiscal year ended September 30, 2009, is \$60,305. 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.

**Keweenaw Bay Indian Community
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/08 - 9/30/09**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$60,305	\$60,305 ¹	\$0	\$60,305
Local and Other Funds	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$60,305	\$60,305	\$0	\$60,305
EXPENDITURES:				
Salary and Wages	\$33,629	\$34,956	\$0	\$34,956
Fringe Benefits	\$21,344	\$20,415	\$0	\$20,415
Contractual	\$4,356	\$2,463	\$0	\$2,463
Supplies	\$0	\$0	\$0	\$0
Travel	\$976	\$2,471	\$0	\$2,471
Space Cost	\$0	\$0	\$0	\$0
Other Expense	\$0	\$0	\$0	\$0
Indirect Cost	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$60,305	\$60,305	\$0	\$60,305

¹ Actual MDCH payments provided on a performance reimbursement basis.