

# Audit Report

Marquette County Health Department  
Family Planning Program

October 1, 2008 – September 30, 2009



Office of Audit  
Quality Assurance and Review Section  
October 2010



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October 19, 2010

Fred J. Benzie, R.S., M.P.H.  
Health Officer  
Marquette County Health Department  
184 U.S. 41 Highway  
Negaunee, Michigan 49866

Dear Mr. Benzie:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) fiscal review of the Marquette 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 Dobynes Dunbar, Manager, Division of Family and Community Health  
Pam Myers, Director, Office of Audit  
David Figg, Audit Manager, Office of Audit

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## **DESCRIPTION OF AGENCY**

The Marquette 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 Marquette County, and the administrative office is located in Negaunee, Michigan. The Health Department operates under the legal supervision and control of the Board of Commissioners of Marquette County. The Health Department provides community health program services to the residents of Marquette County. These service programs 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, Children's Special Health Care Services, Tobacco Reduction, Maternal and Infant Health, Medicaid Outreach, Healthy Communities Program, Bioterrorism/Emergency Preparedness/Pandemic Flu, Women Infants and Children (WIC) Supplemental Food Program 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 review 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 review:

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 Marquette 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 review 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 \$81,693. 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.

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

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$81,693	\$81,693 <sup>1</sup>	\$0	\$81,693
Fees & Col. - 1st & 2nd party	\$6,000	\$5,136	\$0	\$5,136
Fees & Col. - 3rd party	\$55,000	\$79,574	\$0	\$79,574
Cost Based Reimbursement	\$7,464	\$7,464	\$0	\$7,464
Local and Other Funds	\$56,245	\$32,078	\$0	\$32,078
<b>TOTAL REVENUES</b>	<b>\$206,402</b>	<b>\$205,945</b>	<b>\$0</b>	<b>\$205,945</b>
<b>EXPENDITURES:</b>				
Salary and Wages	\$75,113	\$78,181	\$0	\$78,181
Fringe Benefits	\$27,840	\$28,978	\$0	\$28,978
Supplies	\$38,242	\$36,888	\$0	\$36,888
Travel	\$200	\$176	\$0	\$176
Communications	\$0	\$0	\$0	\$0
Space Cost	\$3,296	\$3,931	\$0	\$3,931
Other Expense	\$10,493	\$7,922	\$0	\$7,922
Indirect Cost - Admin	\$47,171	\$45,822	\$0	\$45,822
Personal Health Admin.	\$4,047	\$4,047	\$0	\$4,047
<b>TOTAL EXPENDITURES</b>	<b>\$206,402</b>	<b>\$205,945</b>	<b>\$0</b>	<b>\$205,945</b>

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