Audit Report

Northwest Michigan Community Health Agency
WIC Program

October 1, 2008 – September 30, 2009

Office of Audit
Quality Assurance and Review Section
December 2010

JENNIFER M. GRANHOLM
GOVERNOR

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

JANET OLSZEWSKI
DIRECTOR

December 13, 2010

Gerald Chase, M.P.H.
Health Officer
Northwest Michigan Community Health Agency
220 West Garfield
Charlevoix, Michigan 49720

Dear Mr. Chase:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Northwest Michigan Community Health Agency 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,

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 Northwest Michigan Community Health Agency (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Charlevoix County, and the administrative office is located in Charlevoix, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of the counties of Antrim, Charlevoix, Emmet and Otsego. The Health Department provides community health program services to the residents of these four counties. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease, Tobacco Control, Children's Special Health Care Services, Breast and Cervical Cancer Control, Bioterrorism/Emergency Preparedness/Pandemic Flu, Medicaid Outreach, Family Planning and Women Infants and Children (WIC) Supplemental Food Program.

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 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 Northwest Michigan Community Health Agency 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.
- Reviewed indirect cost and other 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 Health Department's 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 internal control 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 MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Health Department 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 Health Department.

Conclusion: The MDCH obligation under the WIC Program for fiscal year ended September 30, 2009, is $426,298. 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.

Northwest Michigan Community Health Agency
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	$426,298	$426,298 *1*	$0	$426,298
Local and Other Funds	$136,065	$219,533	$0	$219,533
TOTAL REVENUES	$562,363	$645,831	$0	$645,831
EXPENDITURES:				
Salary and Wages	$278,128	$309,197	$0	$309,197
Fringe Benefits	$94,563	$112,710	$0	$112,710
Supplies	$18,000	$16,895	$0	$16,895
Travel	$8,000	$8,120	$0	$8,120
Communications	$4,000	$6,915	$0	$6,915
Space Cost	$45,000	$54,803	$0	$54,803
Other Expense	$2,000	$431	$0	$431
Indirect Cost	$55,904	$72,619	$0	$72,619
Nursing Administration	56,768	$64,141	$0	64,141
TOTAL EXPENDITURES	$562,363	$645,831	$0	$645,831

1 *Actual MDCH payments provided on a performance reimbursement basis.*