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# Chippewa County Health Department

Family Planning Program  
Women, Infants, and Children Program

For the Period October 1, 2017 – September 30, 2018

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Audit Report – Issued March 2020

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State of Michigan  
Department of Health and Human Services  
Bureau of Audit  
Audit Division





STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ROBERT GORDON  
DIRECTOR

March 19, 2020

Ms. Karen Senkus, Health Officer  
Chippewa County Health Department  
508 Ashmun Street, Suite #120  
Sault Ste. Marie, Michigan 49783

Dear Ms. Senkus:

This is our audit report of the Family Planning and Women, Infants, and Children (WIC) Programs administered by the Chippewa County Health Department for the period October 1, 2017 through September 30, 2018.

The Michigan Department of Health and Human Services (MDHHS) is committed to ensuring high standards of integrity and accountability for public funds. To that end, we periodically perform audits to assess the agency's compliance with fiscal reporting and other requirements contained in MDHHS agreements, and policies and procedures, and Federal regulations.

The report includes the Executive Summary, Exceptions, Recommendations, Corrective Actions, Statements of Audited Grant Revenues and Expenses, Federal and State Grant Award Information, and Scope and Methodology.

Final reports are posted for public viewing on the [MDHHS website](#).

Thank you for the cooperation extended throughout the audit process.

Sincerely,

A handwritten signature in black ink that reads "Shannah M. Havens".

Shannah M. Havens, CPA, MBA  
Audit Section Manager  
Public Health and Community Services Programs Audit Section  
Audit Division

- c: Debra Hallenbeck, MDHHS, Audit
- Matthew Tompkins, MDHHS, Audit
- Christina Herring, MDHHS, WIC
- Cecilia Hutson, MDHHS, WIC
- Dawn Shanafelt, MDHHS, Maternal and Infant Health
- Deanna Charest, MDHHS, Maternal and Infant Health
- Steve Utter, MDHHS, Maternal and Infant Health
- Joyce Karr, Chippewa County Health Department

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## EXECUTIVE SUMMARY

Below is a summary of exceptions and the Health Department's corrective action plan.

<b>Exception 1</b> Page 2	<b>Non-Compliant Leave Time Distribution</b> Repeat Exception [Audit Report Issued May 2018, Exception 2]
<b>Criteria</b>	Title 2 CFR 200.431(b)
<b>Amount to be Returned</b>	\$-0-
<b>Corrective Action</b>	Updated cost allocation procedure.
<b>Completion Date</b>	07/30/2020
<b>Person Responsible</b>	Karen Senkus, Health Officer

<b>Exception 2</b> Page 3	<b>Billings to Family Planning Medicaid Providers Not at 340B Prices</b>
<b>Criteria</b>	MDHHS Medicaid Provider Manual
<b>Amount to be Returned</b>	\$-0-
<b>Corrective Action</b>	New policy for billing Medicaid providers.
<b>Completion Date</b>	07/30/2020
<b>Person Responsible</b>	Karen Senkus, Health Officer

<b>Exception 3</b> Page 4	<b>Family Planning Expense Did Not Have Sufficient Documentation</b>
<b>Criteria</b>	Title 2 CFR 200.302(a) and Title 2 CFR 200.403(g)
<b>Amount to be Returned</b>	\$-0-
<b>Corrective Action</b>	Training of purchasing staff to ensure receipts are presented to the finance department.
<b>Completion Date</b>	05/30/2020
<b>Person Responsible</b>	Karen Senkus, Health Officer

**Exception 1****Non-Compliant Leave Time Distribution**

Repeat Exception [Audit Report Issued May 2018, Exception 2]

**Condition**

The Health Department did not properly allocate its WIC, WIC Breastfeeding, and Family Planning Program employees' fringe benefits for employees working on multiple activities.

**Criteria**

Title 2 CFR 200.431(b) for Fringe benefits specific to leave states, "The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if... (2) The costs are equitably allocated to all related activities, including Federal awards."

**Exception**

During our review, we noted that the Health Department allocated employee leave time based on each employee's work schedule. If an employee is absent, leave time hours are allocated to programs based on the work schedule for the absent time period, instead of properly allocating the leave time to all programs that the employee actually worked.

This is a repeat exception from our audit report issued on May 21, 2018, in which the Health Department's corrective action plan stated, "A policy to address the distribution of fringe benefits has been developed and was approved by the governing board (Chippewa County Commission) on September 11, 2017." However, the Health Department had not implemented corrective action during our audit period.

**Recommendation**

We again recommend that the Health Department implement policies and procedures to ensure that fringe benefit distributions are based on records that accurately reflect the work performed to ensure compliance with Federal regulation.

**Agency Response and Corrective Action Plan**

The Chippewa County Health Department has updated the Financial Cost Allocation Policy and Procedure. The updated policy will be approved by the governing board at the regular April 2020 meeting. The new procedure is as follows: a new Reporting Unit (999) has been created; employees will record all leave time under that RU; the payroll department will distribute leave time proportionately to the programs worked by each employee when the employee worked at least 10 hours in a 40-hour work week; a three-month look back will be applied when less than 10 hours are worked in a 40-hour work week or when the employee is placed on short or long term disability.

**Completion Date**

07/30/2020

**Responsible Individual**

Karen Senkus, Health Officer

**Exception 2**

**Billing to Family Planning Medicaid Providers Not at 340B Prices**

**Condition**

The Health Department did not consistently charge Medicaid providers at the 340B acquisition price.

**Criteria**

The MDHHS Medicaid Provider Manual states, "Entities that participate in the Federal 340B program must bill the 340B price."

**Exception**

During our review, we noted that the Health Department did not bill its 340B acquisition price for six (100%) of six selected Medicaid providers. The Health Department billed the providers at the fee schedule amounts and not at the required 340B acquisition price.

**Recommendation**

We recommend that the Health Department implement policies and procedures to ensure that all Medicaid providers are properly billed at the 340B acquisition price to ensure compliance with the Medicaid Provider Manual requirements.

**Agency Response and Corrective Action Plan**

A new policy, "340B Pharmaceuticals" will be implemented upon approval from the governing board at the April 2020 meeting. The policy provides guidelines for ordering and receiving supplies and ensures that Medicaid providers will be billed at the 340B acquisition price.

**Completion Date**

07/30/2020

**Responsible Individual**

Karen Senkus, Health Officer

**Exception 3**  
**Family Planning Expense Did Not Have Sufficient Documentation**

**Condition**

The Health Department did not have sufficient documentation to support an expense charged to the Family Planning Program.

**Criteria**

Title 2 CFR 200.302(a) states the non-federal entity’s financial management system must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. Also, Title 2 CFR 200.403(g) requires that costs be adequately documented to be allowable.

**Exception**

During our review, we noted that the Health Department did not retain sufficient documentation for one (6%) of 16 expenditures reviewed. The expense was supported by a credit card statement and signed purchase order but there was no vendor invoice describing what had been purchased.

**Recommendation**

We recommend that the Health Department retain sufficient documentation to support charges to Federal awards.

**Agency Response and Corrective Action Plan**

The Chippewa County Health Department has in place a process of purchase orders and approval of purchases, which includes the acquisition and retention of receipts of products received. Program managers will review the policy and procedures with staff who purchase and received products ordered to ensure a receipt is provided to the finance department.

**Completion Date**

05/30/2020

**Responsible Individual**

Karen Senkus, Health Officer

**Chippewa County Health Department  
Family Planning Services  
Statement of Audited Grant Revenues and Expenses  
10/01/2017 - 09/30/2018**

	BUDGETED	REPORTED	AUDITED	AUDIT ADJUSTMENT	EXCEPTION REFERENCE
<b>REVENUES</b>					
MDHHS Grant	\$ 54,911	\$ 54,911	\$ 54,911	\$ -	
Fees and Collections - 1st and 2nd Party	\$ 3,000	\$ 2,351	\$ 2,351	\$ -	
Fees and Collections - 3rd Party	\$ 44,000	\$ 39,451	\$ 39,451	\$ -	
Federal Cost Based Reimbursement	\$ 18,000	\$ 18,028	\$ 18,028	\$ -	
Required Match - Local	\$ 1,800	\$ 2,003	\$ 2,003	\$ -	
Other Non-ELPHS	\$ -	\$ -	\$ -	\$ -	
Local Funds - Other	\$ 1,700	\$ 11,132	\$ 11,132	\$ -	
<b>Total Revenues</b>	<b>\$ 123,411</b>	<b>\$ 127,876</b>	<b>\$ 127,876</b>	<b>\$ -</b>	
<b>EXPENSES</b>					
Salaries and Wages	\$ 46,747	\$ 50,599	\$ 50,599	\$ -	
Fringe Benefits	\$ 23,902	\$ 25,793	\$ 25,793	\$ -	
Contractual Services	\$ -	\$ -	\$ -	\$ -	
Supplies and Materials	\$ 24,345	\$ 21,423	\$ 21,423	\$ -	
Travel	\$ 797	\$ 942	\$ 942	\$ -	
Communication	\$ 436	\$ 452	\$ 452	\$ -	
Space Costs	\$ 1,450	\$ 1,542	\$ 1,542	\$ -	
Other	\$ 2,440	\$ 1,504	\$ 1,504	\$ -	
Indirect Costs	\$ -	\$ -	\$ -	\$ -	
Other Costs Distributions	\$ 23,294	\$ 25,620	\$ 25,620	\$ -	
<b>Total Expenses</b>	<b>\$ 123,411</b>	<b>\$ 127,876</b>	<b>\$ 127,876</b>	<b>\$ -</b>	



**Chippewa County Health Department  
WIC Resident Services Program  
Statement of Audited Grant Revenues and Expenses  
10/1/2017 - 9/30/2018**

	BUDGETED	REPORTED	AUDITED	AUDIT ADJUSTMENT	EXCEPTION REFERENCE
<b>REVENUES</b>					
MDHHS Grant	\$ 203,720	\$ 196,068	\$ 196,068	\$ -	
Fees and Collections - 1st and 2nd Party	\$ -	\$ -	\$ -	\$ -	
Fees and Collections - 3rd Party	\$ -	\$ -	\$ -	\$ -	
Federal Cost Based Reimbursement	\$ -	\$ -	\$ -	\$ -	
Required Match - Local	\$ -	\$ -	\$ -	\$ -	
Local Funds - Other	\$ -	\$ -	\$ -	\$ -	
<b>Total Revenues</b>	<b>\$ 203,720</b>	<b>\$ 196,068</b>	<b>\$ 196,068</b>	<b>\$ -</b>	
<b>EXPENSES</b>					
Salaries and Wages	\$ 93,866	\$ 87,260	\$ 87,260	\$ -	
Fringe Benefits	\$ 47,871	\$ 46,608	\$ 46,608	\$ -	
Contractual Services	\$ -	\$ -	\$ -	\$ -	
Supplies and Materials	\$ 2,415	\$ 3,286	\$ 3,286	\$ -	
Travel	\$ 1,588	\$ 3,870	\$ 3,870	\$ -	
Communication	\$ 2,680	\$ 2,991	\$ 2,991	\$ -	
Space Costs	\$ 4,899	\$ 4,976	\$ 4,976	\$ -	
Other	\$ 7,880	\$ 2,178	\$ 2,178	\$ -	
Indirect Costs	\$ 42,521	\$ 44,898	\$ 44,898	\$ -	
Other Costs Distributions	\$ -	\$ -	\$ -	\$ -	
<b>Total Expenses</b>	<b>\$ 203,720</b>	<b>\$ 196,068</b>	<b>\$ 196,068</b>	<b>\$ -</b>	

**Chippewa County Health Department  
WIC Breastfeeding Program  
Statement of Audited Grant Revenues and Expenses  
10/1/2017 - 9/30/2018**

	BUDGETED	REPORTED	AUDITED	AUDIT ADJUSTMENT	EXCEPTION REFERENCE
<b>REVENUES</b>					
MDHHS Grant	\$ 25,490	\$ 17,889	\$ 17,889	\$ -	
Fees and Collections - 1st and 2nd Party	\$ -	\$ -	\$ -	\$ -	
Fees and Collections - 3rd Party	\$ -	\$ -	\$ -	\$ -	
Federal Cost Based Reimbursement	\$ -	\$ -	\$ -	\$ -	
Required Match - Local	\$ -	\$ -	\$ -	\$ -	
Local Funds - Other	\$ -	\$ -	\$ -	\$ -	
<b>Total Revenues</b>	<b>\$ 25,490</b>	<b>\$ 17,889</b>	<b>\$ 17,889</b>	<b>\$ -</b>	
<b>EXPENSES</b>					
Salaries and Wages	\$ 15,031	\$ 10,095	\$ 10,095	\$ -	
Fringe Benefits	\$ 3,072	\$ 1,443	\$ 1,443	\$ -	
Contractual Services	\$ -	\$ -	\$ -	\$ -	
Supplies and Materials	\$ 499	\$ 498	\$ 498	\$ -	
Travel	\$ 500	\$ 609	\$ 609	\$ -	
Communication	\$ 400	\$ 751	\$ 751	\$ -	
Space Costs	\$ 145	\$ -	\$ -	\$ -	
Other	\$ 412	\$ 622	\$ 622	\$ -	
Indirect Costs	\$ 5,431	\$ 3,870	\$ 3,870	\$ -	
Other Costs Distributions	\$ -	\$ -	\$ -	\$ -	
<b>Total Expenses</b>	<b>\$ 25,490</b>	<b>\$ 17,889</b>	<b>\$ 17,889</b>	<b>\$ -</b>	

## FEDERAL AND STATE GRANT AWARD INFORMATION

<b>Program Title</b>	<b>Family Planning</b>
Federal Agency	U.S. Department of Health and Human Services
Federal Sub-Tier	Office of Population Affairs
Federal Program Title	Family Planning Services
CFDA Number	93.217
MDHHS Agreement No.	E20181352
MDHHS Agreement Period	10/01/2017 – 09/30/2018
Exception(s) Related to Program	1, 2, 3
Amount to be Returned	\$-0-
Exception(s) for Return Amount	Not Applicable
See the Statement of Audited Grant Revenues and Expenditures for line item adjustment details for exceptions.	

<b>Program Title</b>	<b>Family Planning</b>
Federal Agency	U.S. Department of Health and Human Services
Federal Sub-Tier	Health Resources and Services Administration
Federal Program Title	Maternal and Child Health Services Block Grant
CFDA Number	93.994
MDHHS Agreement No.	E20181352
MDHHS Agreement Period	10/01/2017 – 09/30/2018
Exception(s) Related to Program	1, 2, 3
Amount to be Returned	\$-0-
Exception(s) for Return Amount	Not Applicable
See the Statement of Audited Grant Revenues and Expenditures for line item adjustment details for exceptions.	

<b>Program Title</b>	<b>WIC Resident Services</b>
Federal Agency	U.S. Department of Agriculture
Federal Sub-Tier	Food and Nutrition Service
Federal Program Title	Women, Infants, and Children (WIC) Supplemental Nutrition Program
CFDA Number	10.557
MDHHS Agreement No.	E20181365
MDHHS Agreement Period	10/01/2017 – 09/30/2018
Exception(s) Related to Program	1
Amount to be Returned	\$-0-
Exception(s) for Return Amount	Not Applicable
See the Statement of Audited Grant Revenues and Expenditures for line item adjustment details for exceptions.	

<b>Program Title</b>	<b>WIC Breastfeeding</b>
Federal Agency	U.S. Department of Agriculture
Federal Sub-Tier	Food and Nutrition Service
Federal Program Title	Women, Infants, and Children (WIC) Supplemental Nutrition Program
CFDA Number	10.557
MDHHS Agreement No.	E20181364
MDHHS Agreement Period	10/01/2017 – 09/30/2018
Exception(s) Related to Program	1
Amount to be Returned	\$-0-
Exception(s) for Return Amount	Not Applicable
See the Statement of Audited Grant Revenues and Expenditures for line item adjustment details for exceptions.	

## SCOPE AND METHODOLOGY

We examined the Health Department's records and activities for the fiscal year October 1, 2017 through September 30, 2018.

Our audit procedures included the following:

- Reviewed the most recent Single Audit and Financial Statement Audit Reports for any Family Planning Program or WIC Program related concerns.
- Reviewed the most recent Family Planning Program site visit report from the Program staff.
- Reviewed the Grant Agreement, Budgets, and Program Specific Assurances and Requirements.
- Reviewed policies to ensure they meet applicable requirements and guidelines.
- Reviewed the most recently completed Subrecipient Questionnaire.
- Reconciled the Family Planning Program and WIC Program Financial Status Reports (FSRs) and MDHHS payment schedules to the accounting records.
- Tested a selection of payroll and non-payroll expenditures for program compliance, and adherence to policies, Federal and program guidelines, and approval procedures.
- Reviewed building space/lease costs for proper reporting and compliance with Federal requirements.
- Reviewed any equipment purchases over \$5,000 for the Family Planning Program and \$2,500 for the WIC Program.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed Family Planning Program billings and collection of fees, and collection of donations.

Our audit did not include a review of program content or quality of services provided.

## GLOSSARY OF ABBREVIATIONS AND TERMS

CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
FP	Family Planning
FSR	Financial Status Report
MCH	Maternal and Child Health
MDHHS	Michigan Department of Health and Human Services
WIC	Women, Infants, and Children
WICBF	Women, Infants, and Children Breastfeeding