



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

September 20, 2019

Mr. Daren Deyaert, Health Officer
Dickinson-Iron District Health Department
601 Washington Avenue
Iron River, Michigan 49935

Dear Mr. Deyaert:

Attached is our final report from the Michigan Department of Health and Human Services audit of the Dickinson-Iron District Health Department Family Planning and Women, Infants, and Children (WIC) Programs for the period October 1, 2016 through September 30, 2017.

The final report contains the following: Description of Agency; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions, Findings, and Recommendations; Statements of Grant Program Revenues and Expenditures; and Comments and Recommendations. The Comments and Recommendations include the agency's response to the Preliminary Analysis.

Final reports are posted for public viewing on the MDHHS website at:
http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

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

Attachment

cc: Debra Hallenbeck, Director, Audit Division
Dawn Shanafelt, Director, Division of Maternal and Infant Health
Deanna Charest, Manager, Reproductive and Preconception Health Unit
Steve Utter, Financial Analyst, Division of Maternal and Infant Health
Christina Herring, Director, WIC Division
Kelly Voegeding, Financial Analyst, Financial Management and FMNP Unit
Bryce Wooton, Senior Auditor, Public Health and Community Services Programs Section
Steven Tadazak, Auditor, Public Health and Community Services Programs Section
Tina Edlund, Finance Director, Dickinson-Iron District Health Department

Audit Report

Dickinson-Iron District Health Department
Family Planning Program
Women, Infants, and Children Program

October 1, 2016 – September 30, 2017



Bureau of Audit
Audit Division
September 2019

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DESCRIPTION OF AGENCY

The Dickinson-Iron District Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Iron County, which is the reporting entity, and the administrative office is located in Iron River, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of Dickinson and Iron Counties. The Health Department provides community health program services to the residents of Dickinson and Iron Counties.

FUNDING METHODOLOGY

The Health Department services are funded from local appropriations, fees and collections, and grant programs. The Michigan Department of Health and Human Services (MDHHS) provided the Health Department with grant funding monthly, based on Financial Status Reports (FSRs), in accordance with the terms and conditions of each grant agreement and budget.

The Family Planning Program was funded by MDHHS Grant Funds, Fees and Collections, Local, and Other Revenue. Grant funding from MDHHS for the Family Planning Program is federal funding under federal catalog numbers 93.217 and 93.994, and was subject to performance requirements. That is, reimbursement from MDHHS was based upon the understanding that a certain level of performance (measured in caseload established by MDHHS) 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.

The Women, Infants, and Children (WIC) Program was funded by MDHHS Grant Funds and Other Local Funds. Grant funding from MDHHS for the WIC Program was federal funding under federal catalog number 10.557.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the Health Department's financial reporting and to determine the MDHHS shares of cost according to the agreements, and program standards and regulations. The following were the specific objectives of the audit:

1. To assess the Health Department's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, federal standards, program standards and generally accepted accounting principles.
2. To determine the MDHHS shares of cost in accordance with MDHHS requirements and the agreements, Federal standards and program standards, 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 period October 1, 2016 to September 30, 2017. Our review procedures included the following:

- Reviewed the most recent Health Department Single Audit report for any Family Planning Program or WIC Program concerns.
- Reviewed the completed Fiscal Questionnaire.
- Reconciled the Family Planning Program and WIC Program FSRs 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 building space/lease costs for proper reporting and compliance with Federal requirements.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed Family Planning billing and collection of fees, and collection of donations.

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

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

FINANCIAL REPORTING

Objective 1: To assess the Health Department's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards, and generally accepted accounting principles.

Conclusion: The Health Department was effective and accurate in reporting its Family Planning Program and WIC Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles.

MDHHS SHARES OF COST AND BALANCE DUE

Objective 2: To determine the MDHHS shares of cost in accordance with MDHHS requirements and agreements, Federal standards and program standards and any balance due to or due from the Health Department.

Conclusion: The MDHHS obligations for fiscal year ended September 30, 2017, total \$38,991 for the Family Planning Services Grant, \$183,527 for the WIC Residential Services Grant, and \$39,436 for the WIC Breastfeeding Grant. The attached Statements of Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. There were no adjustments as a result of our audit.

Dickinson-Iron District Health Department
Family Planning Services
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$38,991	\$38,991 ¹		\$38,991
Fees & Collections - 1st & 2nd Party	\$2,500	\$3,137		\$3,137
Fees & Collections - 3rd Party	\$44,735	\$44,069		\$44,069
Federal Cost Based Reimbursement	\$50,000	\$57,540		\$57,540
Required Local Match	\$5,000	\$5,754		\$5,754
Local Funds - Other	\$81,505	\$94,354		\$94,354
TOTAL REVENUES	\$222,731	\$243,845	\$0	\$243,845
EXPENDITURES:				
Salary & Wages	\$97,921	\$105,490		\$105,490
Fringe Benefits	\$53,465	\$61,898		\$61,898
Supplies & Materials	\$26,380	\$24,669		\$24,669
Travel	\$3,938	\$1,490		\$1,490
Communication	\$1,844	\$1,121		\$1,121
Space Costs	\$6,237	\$7,374		\$7,374
Other	\$3,672	\$4,161		\$4,161
Indirect Costs	\$54,499	\$62,868		\$62,868
Other Costs Distributions	(\$25,225)	(\$25,225)		(\$25,225)
TOTAL EXPENDITURES	\$222,731	\$243,845	\$0	\$243,845

¹ Actual MDHHS payments.

**Dickinson-Iron District Health Department
WIC Residential Services
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$183,527	\$183,527 ¹		\$183,527
Local Funds - Other	\$39,996	\$72,612		\$72,612
TOTAL REVENUES	\$223,523	\$256,139	\$0	\$256,139
EXPENDITURES:				
Salary & Wages	\$96,408	\$107,418		\$107,418
Fringe Benefits	\$52,639	\$63,136		\$63,136
Supplies & Materials	\$5,200	\$6,742		\$6,742
Travel	\$2,000	\$2,313		\$2,313
Communication	\$2,100	\$1,101		\$1,101
Space Costs	\$8,619	\$8,197		\$8,197
Other	\$2,900	\$2,944		\$2,944
Indirect Costs	\$53,657	\$64,287		\$64,287
TOTAL EXPENDITURES	\$223,523	\$256,139	\$0	\$256,139
¹ Actual MDHHS payments.				

Dickinson-Iron District Health Department
WIC Breastfeeding
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$39,887	\$39,436 ¹		\$39,436
Fees & Collections - 1st & 2nd Party	\$1	\$0		\$0
Fees & Collections - 3rd Party	\$1	\$0		\$0
Local Funds - Other	\$2,152	\$0		\$0
TOTAL REVENUES	\$42,041	\$39,436	\$0	\$39,436
EXPENDITURES:				
Salary & Wages	\$16,709	\$16,240		\$16,240
Fringe Benefits	\$9,123	\$9,542		\$9,542
Supplies & Materials	\$950	\$334		\$334
Travel	\$2,360	\$564		\$564
Communication	\$499	\$790		\$790
Space Costs	\$2,550	\$2,060		\$2,060
Other	\$550	\$241		\$241
Indirect Costs	\$9,300	\$9,664		\$9,664
TOTAL EXPENDITURES	\$42,041	\$39,436	\$0	\$39,436

¹ Actual MDHHS payments.

Comments and Recommendations

1. Insufficient Documentation for a Travel Expenditure

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
Disallowed Cost	\$-0-
Repeat Comment	No

The Health Department did not obtain sufficient source documentation to support one travel reimbursement expenditure.

The Health Department's Travel Policy in reference to meal reimbursement states that meals are to be itemized on the travel expense voucher and meal receipts shall accompany the voucher.

During our review of the WIC Breastfeeding Program's direct expenditures, we noted that one employee's travel expense voucher did not include the itemized list of meals purchased, only the restaurant name.

We recommend that the Health Department implement controls and procedures to ensure meal reimbursements are made in accordance with the Health Department's Travel Policy.

Management Response: Management agrees with the insufficient source of documentation to support travel reimbursement. A reminder to all staff will be sent.

**Person Responsible
for Implementation:**

Tina Edlund, Finance Director

**Anticipated
Completion Date:**

September 16, 2019

2. Billings to Family Planning Program Medicaid Providers Not at 340B Prices

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
Disallowed Cost	\$-0-
Repeat Comment	No

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

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

During our review, we noted that the Health Department did not bill its 340B acquisition price for seven (100%) of the seven selected Medicaid providers. We also noted that the Health Department did not have a documented policy regarding its 340B drug pricing program.

We recommend that the Health Department document its 340B drug pricing program policy and procedures. We also recommend that the Health Department ensure that all Medicaid providers are properly billed at the 340B acquisition price to ensure compliance with the Medicaid Provider Manual requirements.

Management Response: Management agrees with the finding. DIDHD was following Federal guidelines and only Fee for Service Medicaid claims were billed the 340B pricing. DIDHD was unaware of the State policy that included all Managed Care Medicaid plans along with Fee for Service plans. DIDHD has made the proper corrections with the medical biller to insure 340B pricing is on all Medicaid claims. A policy and procedure will be written and brought to our Health Board for approval.

**Person Responsible
for Implementation:**

Tina Edlund, Finance Director

Anticipated

Completion Date:

October 31, 2019