



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF AUDIT
P.O. Box 30815; LANSING, MICHIGAN 48909

NICK LYON
DIRECTOR

August 20, 2018

Jill Sutton, Executive Director
Mid-Michigan Community Action Agency
1574 E. Washington Road
Farwell, Michigan 48622

Dear Ms. Sutton:

Attached is our final report from the Michigan Department of Health and Human Services audit of the Mid-Michigan Community Action Agency WIC Program for the period October 1, 2016 through September 30, 2017.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions, findings and recommendations; Statements of Grant Program Revenues and Expenditures. No exceptions were noted during our audit.

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,

A handwritten signature in cursive script that reads "Shannah M. Havens".

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

Attachment

cc: Debra Hallenbeck, Director, Audit Division
Christina Herring, Director, WIC Division
Brittany LaRue, Manager, Financial Management and FMNP Unit
Lynette Biery, Administrator, Bureau of Family Health Services

Audit Report

Mid-Michigan Community Action Agency
WIC Program

October 1, 2016 – September 30, 2017



Bureau of Audit
Audit Division
August 2018

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DESCRIPTION OF AGENCY

The Mid-Michigan Community Action Agency, Inc. ("Agency") is organized as a not-for-profit agency under the provisions of 501(c) (3) of the Internal Revenue Code. The Agency's Administrative Office is located in Farwell, Michigan. The Agency operates under the legal supervision and control of its Board of Directors. The Agency provides program services in the counties of Bay, Clare, Gladwin, Mecosta, Midland, and Osceola. These services include weatherization; emergency shelter; food and utility assistance; Head Start; the Women, Infants, and Children (WIC) Supplemental Food Program, WIC Peer Counseling; and other programs for the purpose of assisting low income individuals.

FUNDING METHODOLOGY

The Agency receives funding primarily from federal and state government grants including the WIC Program and WIC Breastfeeding Program grants administered through the Michigan Department of Health and Human Services (MDHHS). MDHHS grant funding is reimbursed monthly, based on Financial Status Reports, in accordance with the terms and conditions of the grant agreement and budget. Grant funding from MDHHS for the WIC Programs is federal funding under federal catalog number 10.557.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the WIC Program and WIC Breastfeeding Program financial reporting, and to determine the MDHHS shares of cost. The following were the specific objectives of the audit:

1. To assess the Agency's effectiveness in reporting their WIC Program and WIC Breastfeeding Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles.
2. To determine the MDHHS shares of cost for the WIC Program and WIC Breastfeeding Program in accordance with applicable MDHHS requirements and agreements, and any balance due to or due from the Agency.

SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal period October 1, 2016 to September 30, 2017. Our review procedures included the following:

- Reviewed the most recent Mid-Michigan Community Action Agency Inc., Single Audit report for any WIC or WIC Breastfeeding Program concerns.
- Reviewed the completed Subrecipient Questionnaire.
- Reconciled the WIC Program and WIC Breastfeeding Program Financial Status Reports (FSR's) to the accounting records.

- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and policy and approval procedures.
- Reviewed equipment purchases over \$2,500 for WIC Programs.
- Reviewed space/lease cost and other expense 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

FINANCIAL REPORTING

Objective 1: To assess the Agency's effectiveness in reporting their WIC Program and WIC Breastfeeding Program financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Agency was effective in reporting their WIC and WIC Breastfeeding Programs' financial activity to MDHHS in accordance with applicable MDHHS requirements and agreements, applicable federal standards, and generally accepted accounting principles. We identified no financial reporting exceptions.

MDHHS SHARE OF COSTS AND BALANCE DUE

Objective 2: To determine the MDHHS shares of cost for the WIC and WIC Breastfeeding Programs in accordance with applicable MDHHS requirements and agreements, and any balance due to or due from the Agency.

Conclusion: The MDHHS obligations under the WIC and WIC Breastfeeding Programs for fiscal year ended September 30, 2017, were \$289,925 and \$37,314 respectively. The attached Statements of MDHHS Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments.

**Mid Michigan Community Action Agency
WIC Resident Services
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$317,775	\$289,925 ¹		\$289,925
TOTAL REVENUES	\$317,775	\$289,925	\$0	\$289,925
EXPENDITURES:				
Salary & Wages	\$177,590	\$189,091		\$189,091
Fringe Benefits	\$58,027	\$36,226		\$36,226
Contractual	\$15,000	\$13,959		\$13,959
Supplies & Materials	\$20,590	\$9,096		\$9,096
Travel	\$6,000	\$3,062		\$3,062
Other	\$40,568	\$38,491		\$38,491
TOTAL EXPENDITURES	\$317,775	\$289,925	\$0	\$289,925

¹ Actual MDHHS payments.

**Mid Michigan Community Action Agency
WIC Breastfeeding
Statement of Grant Program Revenues and Expenditures
10/1/16 - 9/30/17**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDHHS Grant	\$39,856	\$37,314 ¹		\$37,314
TOTAL REVENUES	\$39,856	\$37,314	\$0	\$37,314
EXPENDITURES:				
Salary & Wages	\$22,373	\$23,898		\$23,898
Fringe Benefits	\$10,062	\$8,837		\$8,837
Contractual	\$1,300	\$1,476		\$1,476
Supplies & Materials	\$350	\$109		\$109
Travel	\$453	\$541		\$541
Other	\$5,318	\$2,454		\$2,454
TOTAL EXPENDITURES	\$39,856	\$37,314	\$0	\$37,314

¹ Actual MDHHS payments.