



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

January 17, 2019

Anthony Samon, Chief Financial Officer
Community Action Agency, Inc
1214 Greenwood Avenue
Jackson, Michigan 49203

Dear Mr. Samon:

Attached is our final report from the Michigan Department of Health and Human Services audit of the Community Action Agency, Inc WIC Program 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; Corrective Action Plans; and Comments and Recommendations. 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 black ink that reads "Shannah M. Havens".

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

cc: Debra Hallenbeck, Director, Audit Division
Christina Herring, Director, WIC Division
Brittany LaRue, Manager, Financial Management and FMNP Unit
Kelly Voegeding, Financial Analyst, WIC Division
Kathryn Kuntz, Financial Grants Manager, Community Action Agency, Inc.

Audit Report

Community Action Agency, Inc. (Region II)

Women, Infants, and Children

October 1, 2016 – September 30, 2017



Bureau of Audit
Audit Division
January 2019

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DESCRIPTION OF AGENCY

The Community Action Agency, Inc. – Region II (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 Jackson, Michigan. The Agency operates under the legal supervision and control of its Board of Directors and provides various health program services to the residents of Jackson, Lenawee, and Hillsdale Counties.

FUNDING METHODOLOGY

The Agency receives funding from local funds and federal and state government grants including the WIC Program 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 Program is federal funding under federal catalog number 10.557.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the Agency'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 Agency'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 Agency's records and activities for the fiscal period October 1, 2016 to September 30, 2017. Our audit procedures included the following:

- Reviewed the most recent Community Action Agency, Inc. Single Audit report for any WIC Program concerns.
- Reviewed the completed subrecipient questionnaire.
- Reconciled the WIC Program Financial Status Report (FSR) 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 equipment purchases over \$5,000.
- Reviewed indirect 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

FINANCIAL REPORTING

Objective 1: To assess the Agency'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 Agency was effective and accurate in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, program standards, Federal standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

MDHHS SHARE OF COSTS 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 Agency.

Conclusion: The MDHHS obligation for fiscal year ended September 30, 2017, are \$379,515 for the WIC Special Supplemental Grant and \$46,391 for the WIC Breastfeeding Grant. The attached Statement of MDHHS Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments.

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

| | BUDGETED | REPORTED | AUDIT ADJUSTMENT | ALLOWABLE |
|---------------------------|------------------|------------------------|-----------------------------|------------------|
| REVENUES: | | | | |
| MDHHS Grant | \$379,515 | \$379,515 ¹ | | \$379,515 |
| Federal Funds | \$47,949 | \$38,278 | | \$38,278 |
| Local Funds - Other | \$200 | \$1,696 | | \$1,696 |
| TOTAL REVENUES | \$427,664 | \$419,489 | \$0 | \$419,489 |
| EXPENDITURES: | | | | |
| Salary & Wages | \$225,974 | \$221,136 | | \$221,136 |
| Fringe Benefits | \$78,290 | \$78,847 | | \$78,847 |
| Supplies & Materials | \$8,100 | \$7,053 | | \$7,053 |
| Travel | \$6,300 | \$5,388 | | \$5,388 |
| Other | \$63,665 | \$62,369 | | \$62,369 |
| Indirect Costs | \$45,335 | \$44,697 | | \$44,697 |
| TOTAL EXPENDITURES | \$427,664 | \$419,489 | \$0 | \$419,489 |

¹ Actual MDHHS payments.

**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 | \$46,391 | \$46,391 ¹ | | \$46,391 |
| TOTAL REVENUES | \$46,391 | \$46,391 | \$0 | \$46,391 |
| EXPENDITURES: | | | | |
| Salary & Wages | \$3,069 | \$2,787 | | \$2,787 |
| Fringe Benefits | \$1,275 | \$1,175 | | \$1,175 |
| Supplies & Materials | \$400 | \$928 | | \$928 |
| Travel | \$100 | \$0 | | \$0 |
| Other | \$40,900 | \$40,910 | | \$40,910 |
| Indirect Costs | \$647 | \$590 | | \$590 |
| TOTAL EXPENDITURES | \$46,391 | \$46,391 | \$0 | \$46,391 |
| ¹ Actual MDHHS payments. | | | | |