

Audit Report

Barry-Eaton District Health Department
Family Planning Program

October 1, 2010 – September 30, 2011



Office of Audit
Quality Assurance and Review
February 2013



RICK SNYDER
GOVERNOR

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

JAMES K. HAVEMAN
DIRECTOR

February 4, 2013

Stephen R. Tackitt, RS, MPH, DAAS, Health Officer
Barry-Eaton District Health Department
1033 Health Care Dr.
Charlotte, MI 48813

Dear Mr. Tackitt:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Barry-Eaton District Health Department Family Planning Program for the period October 1, 2010 through September 30, 2011.

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. We noted no exceptions during our review.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

A handwritten signature in cursive script that reads "Debra S. Hallenbeck".

Debra S. Hallenbeck, Manager
Quality Assurance and Review
Office of Audit

Enclosure

cc: Paulette Dobynes Dunbar, Manager, Division of Family and Community Health
Jeanette Lightning, Manager, Reproductive Health Unit
Pam Myers, Director, Office of Audit
Keith Rubley, Auditor, Office of Audit
Steve Utter, Financial Analyst, Division of Family and Community Health

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DESCRIPTION OF AGENCY

The Barry-Eaton District Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a component unit of Eaton County, which is the reporting entity, and the administrative office is located in Charlotte, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of Barry and Eaton Counties. The Health Department provides community health program services to the residents of Barry and Eaton Counties. During fiscal year 2010/2011, services included: Food Service Sanitation, On-Site Sewage Disposal, Drinking Water Supply, Immunizations, Sexually Transmitted Disease Control, General Communicable Disease Control, Breast and Cervical Cancer Control Prevention Coordination, Family Planning, WIC Supplemental Food Program, and Children's Special Health Care Services.

FUNDING METHODOLOGY

The Health Department services are funded from local appropriations, fees and collections, and grant programs administered through the Michigan Department of Community Health (MDCH), which consist of federal and state funds. 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.

The Family Planning Program was funded by MDCH Grant Funds, First and Third Party Fees and Collections, Local and Other Revenue. Grant funding from MDCH for the Family Planning Program is federal funding under federal catalog number 93.217, and is 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 Family Planning Program internal controls and financial reporting, and to determine the MDCH share of Family Planning 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 Family Planning Program.
2. To assess the Health Department's effectiveness in reporting their Family Planning Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH share of costs for the Family Planning 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, 2010 to September 30, 2011. Our review procedures included the following:

- Reviewed the most recent Health Department Single Audit report for any Family Planning Program concerns.
- Completed the internal control questionnaire.
- Reconciled the Family Planning Program Financial Status Report (FSR) 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 indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space/lease costs for proper reporting and compliance with Federal requirements.

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 Family Planning Program.

Conclusion: The Health Department was effective in establishing and implementing internal controls over the Family Planning Program. No internal control exceptions were noted.

FINANCIAL REPORTING

Objective 2: To assess the Health Department's effectiveness in reporting their Family Planning Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Health Department reported their Family Planning Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

MDCH SHARE OF COSTS AND BALANCE DUE

Objective 3: To determine the MDCH share of costs for the Family Planning 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 Family Planning Program for fiscal year ended September 30, 2011 is \$79,025. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting Family Planning grant program funding.

Barry-Eaton District Health Department
Family Planning Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/10 - 9/30/11

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$79,025	\$79,025 ¹	\$0	\$79,025
Fees 1 st & 2 nd Party	\$2,000	\$2,245	\$0	\$2,246
Fees & Collections - 3 rd Party	\$108,000	\$69,040	\$0	\$69,040
Fed Cost Based Reimbursement	\$31,876	\$25,821	\$0	\$25,821
MCH Funding	\$67,824	\$67,824	\$0	\$67,824
Local Funds	\$254,324	\$197,879	\$0	\$197,879
TOTAL REVENUES	\$543,049	\$441,835	\$0	\$441,835
EXPENDITURES:				
Salary & Wages	\$206,746	\$185,238	\$0	\$185,238
Fringe Benefits	\$85,614	\$62,395	\$0	\$62,395
Supplies	\$52,100	\$26,401	\$0	\$26,401
Travel	\$13,050	\$5,560	\$0	\$5,560
Communications	\$0	\$0	\$0	\$0
Other Expense	\$15,250	\$10,818	\$0	\$10,818
Admin Overhead	\$117,894	\$106,220	\$0	\$106,220
Personal Health Allocation	\$52,395	\$45,203	\$0	\$45,203
TOTAL EXPENDITURES	\$543,049	\$441,835	\$0	\$441,835

¹ Actual MDCH payments provided on a performance reimbursement basis.