

Audit Report

Barry-Eaton District Health Department

WIC and WIC Breastfeeding

October 1, 2013 – September 30, 2014



Office of Audit

Quality Assurance and Review Section

February 2015



RICK SNYDER
GOVERNOR

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

NICK LYON
DIRECTOR

February 4, 2015

Colette Scrimger, MSW, Health Officer
Barry-Eaton District Health Department
1033 Health Care Drive
Charlotte, MI 48813

Dear Ms. Scrimger:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Barry-Eaton District Health Department WIC Program for the period October 1, 2013 through September 30, 2014.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions; Statements of MDCH Grant Program Revenues and Expenditures; and Comments and Recommendations.

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: Stan Bien, Director, WIC Division
Pam Myers, Director, Office of Audit
Keith Rubley, Auditor, Office of Audit

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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 Special Revenue Fund of Eaton County, 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 the counties of Barry and Eaton. The Health Department provides community health program services to the residents of these two counties. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease Control, Sexually Transmitted Disease Control, Breast and Cervical Cancer Control Program, Children's Special Health Care Services, Bioterrorism/Emergency Preparedness/Pandemic Flu, Medicaid Outreach, Women Infants and Children (WIC) Supplemental Food Program and WIC Breastfeeding.

FUNDING METHODOLOGY

The Health Department services are funded from local appropriations, fees and collections, and grant programs. The Michigan Department of Community Health (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. Grant funding from MDCH 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 Programs internal controls and financial reporting, and to determine the MDCH shares of the WIC Programs 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 WIC Programs.
2. To assess the Health Department's effectiveness in reporting their WIC Programs financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH shares of cost for the WIC Programs 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, 2013 to September 30, 2014. Our review procedures included the following:

- Reviewed the most recent Eaton County Single Audit report for any WIC Programs concerns.
- Reviewed the completed internal control questionnaire.
- Reconciled the WIC Programs Financial Status Reports (FSRs) to the accounting records.
- Reviewed payroll expenditures.
- Tested a sample of expenditures for program compliance, and policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed WIC equipment inventory records.

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 WIC Programs.

Conclusion: The Health Department was effective in establishing and implementing internal controls over the WIC Programs.

FINANCIAL REPORTING

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

Conclusion: The Health Department reported its WIC Programs financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.

MDCH SHARES OF COST

Objective 3: To determine the MDCH shares of cost for the WIC Programs 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 WIC Program and WIC Breastfeeding Program for fiscal year ended September 30, 2014, is \$507,511 and \$23,901, respectively. The attached Statements of MDCH Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments affecting WIC grant program funding.

Barry-Eaton District Health Department
WIC Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/13 - 9/30/14

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$507,511	\$507,511 ¹	\$0	\$507,511
Fees & Collections	\$0	\$1,250	\$0	\$1,250
Local Funds Other	\$90,337	\$15,006	\$0	\$15,006
TOTAL REVENUES	\$597,848	\$523,767	\$0	\$523,767
EXPENDITURES:				
Salary & Wages	\$249,358	\$230,984	\$0	\$230,984
Fringe Benefits	\$100,089	\$86,470	\$0	\$86,470
Supplies	\$10,027	\$7,196	\$0	\$7,196
Travel	\$13,300	\$8,833	\$0	\$8,833
Other Costs	\$620	\$659	\$0	\$659
Indirect Costs	\$224,454	\$189,625	\$0	\$189,625
TOTAL EXPENDITURES	\$597,848	\$523,767	\$0	\$523,767

¹ Actual MDCH payments.

Barry-Eaton District Health Department
WIC Breastfeeding Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/13 - 9/30/14

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$23,901	\$23,901 ¹	\$0	\$23,901
Other Revenue	\$0	\$0	\$0	\$0
Local Funds Other	\$6,883	\$4,817	\$0	\$4,817
TOTAL REVENUES	\$30,784	\$28,718	\$0	\$28,718
EXPENDITURES:				
Salary & Wages	\$10,922	\$11,290	\$0	\$11,290
Fringe Benefits	\$4,384	\$4,212	\$0	\$4,212
Supplies	\$2,018	\$2,050	\$0	\$2,050
Travel	\$2,979	\$1,907	\$0	\$1,907
Other Expense	\$650	\$0	\$0	\$0
Indirect Costs	\$9,831	\$9,259	\$0	\$9,259
TOTAL EXPENDITURES	\$30,784	\$28,718	\$0	\$28,718

¹ Actual MDCH payments.

Comments and Recommendations

Suspension and Debarment

According to 2 CFR 180.300, when the Health Department enters into a covered transaction, they must verify that the person with whom they intend to do business is not excluded or disqualified. The Health Department, however, did not verify that a subcontractor was not suspended or debarred or otherwise excluded from participating in covered transactions by any Federal agency.

Recommendation:

We recommend that the Health Department take action to ensure the required verification regarding suspension and debarment takes place before entering into covered transactions.

Management Response:

The Health Department has a procedure in place to do the required verification, but it was missed during FYE 2014. The Health Department plans to re-examine their procedure to assure that it is not missed in the future.