

Audit Report

Central Michigan District Health Department
WIC & Family Planning Programs

October 1, 2013 – September 30, 2014



Office of Audit
Quality Assurance and Review
May 2015



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

May 29, 2015

Steve Hall, Health Officer
Central Michigan District Health Department
2012 E. Preston Ave.
Mt. Pleasant, Michigan 48858

Dear Mr. Hall:

Enclosed is our final report from the Michigan Department of Health and Human Services audit of the Central Michigan District Health Department WIC and Family Planning Programs 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; and Statements of Grant Program Revenues and Expenditures. No exceptions were noted during our audit.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

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

Enclosure

cc: Carolyn Cardon, Administrative Services Director, CMDHD
Stan Bien, Director, WIC Division
Paulette Dobynes Dunbar, Manager, Division of Family and Community Health
Deanna Charest, Manager, Reproductive and Preconception Health Unit
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DESCRIPTION OF AGENCY

The Central Michigan District Health Department is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Isabella County, which is the reporting entity, and the administrative office is located in Mt. Pleasant, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of Isabella, Arenac, Clare, Gladwin, Osceola, and Roscommon Counties. The Health Department provides community health program services to the residents of Isabella, Arenac, Clare, Gladwin, Osceola, and Roscommon Counties.

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). MDCH provided 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 WIC Program was funded by MDCH Grant Funds and Other Local Funds. Grant funding from MDCH for the WIC Program is federal funding under federal catalog number 10.557.

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 was based upon the understanding that a certain level of performance (measured in caseload established by MDCH) had to 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 WIC and Family Planning Programs internal controls and financial reporting, and to determine the MDCH shares of WIC Program and 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 WIC and Family Planning Programs.
2. To assess the Health Department's effectiveness in reporting their WIC Program and Family Planning Program 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 and Family Planning 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. We performed our review procedures in April 2015. Our review procedures included the following:

- Reviewed the most recent Health Department Single Audit report for any WIC Program or Family Planning Program concerns.
- Reviewed the completed internal control questionnaire.
- Reconciled the WIC and Family Planning Programs Financial Status Reports (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 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.
- Reviewed WIC equipment inventory and general Health Department equipment inventory records.
- 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

INTERNAL CONTROLS

Objective 1: To assess the Health Department's effectiveness in establishing and implementing internal controls over the WIC and Family Planning Programs.

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

FINANCIAL REPORTING

Objective 2: To assess the Health Department's effectiveness in reporting their WIC Program and 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 WIC Program and 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.

MDCH SHARES OF COST AND BALANCE DUE

Objective 3: To determine the MDCH shares of cost for the WIC and Family Planning Programs in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

Conclusion: The MDCH obligations under the WIC, WIC Breastfeeding, and Family Planning Programs for fiscal year ended September 30, 2014, were \$892,141, \$128,252, and \$227,039, respectively. The attached Statements of Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments affecting grant program funding.

Central Michigan District Health Department
WIC Resident Services
Statement of Grant Program Revenues and Expenditures
10/1/13 - 9/30/14

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$892,141	\$892,141 ¹		\$892,141
Local Non-ELPHS	\$86,795	\$1,500		\$1,500
Local Funds - Other		\$271		\$271
TOTAL REVENUES	\$978,936	\$893,912	\$0	\$893,912
EXPENDITURES:				
Salary & Wages	\$467,882	\$407,497		\$407,497
Fringe Benefits	\$211,038	\$201,045		\$201,045
Supplies & Materials	\$10,000	\$66,484		\$66,484
Travel	\$4,000	\$6,323		\$6,323
Communication	\$7,000	\$5,214		\$5,214
Other	\$2,000	\$898		\$898
Indirect Costs	\$199,942	\$174,053		\$174,053
Other Costs Distributions	\$77,074	\$32,398		\$32,398
TOTAL EXPENDITURES	\$978,936	\$893,912	\$0	\$893,912

¹ Actual MDCH payments.

Central Michigan District Health Department
WIC Breastfeeding / Peer Counseling Program
Statement of Grant Program Revenues and Expenditures
10/1/13 - 9/30/14

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$134,986	\$128,252 ¹		\$128,252
Local Funds - Other	\$5,847	\$0		\$0
TOTAL REVENUES	\$140,833	\$128,252	\$0	\$128,252
EXPENDITURES:				
Salary & Wages	\$76,739	\$69,445		\$69,445
Fringe Benefits	\$17,659	\$21,546		\$21,546
Supplies & Materials	\$1,500	\$1,188		\$1,188
Travel	\$2,000	\$2,603		\$2,603
Communication	\$2,500	\$2,601		\$2,601
Indirect Costs	\$27,796	\$26,025		\$26,025
Other Costs Distributions	\$12,639	\$4,844		\$4,844
TOTAL EXPENDITURES	\$140,833	\$128,252	\$0	\$128,252

¹ Actual MDCH payments.

Central Michigan District Health Department
Family Planning Program
Statement of Grant Program Revenues and Expenditures
10/1/13 - 9/30/14

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$178,211	\$178,211 ¹		\$178,211
MDCH Grant	\$48,828	\$48,828 ¹		\$48,828
Fees and Collections - 1st and 2nd Party	\$40,000	\$31,022		\$31,022
Fees and Collections - 3rd Party	\$235,000	\$232,162		\$232,162
Federal Cost Based Reimbursement	\$69,000	\$138,615		\$138,615
Local Funds - Other	\$65,233	\$60,765		\$60,765
TOTAL REVENUES	\$636,272	\$689,603	\$0	\$689,603
EXPENDITURES:				
Salary & Wages	\$256,440	\$302,231		\$302,231
Fringe Benefits	\$102,022	\$110,023		\$110,023
Supplies & Materials	\$47,172	\$52,579		\$52,579
Supplies & Materials - Pharmaceutical	\$48,828	\$48,828		\$48,828
Travel	\$3,000	\$3,689		\$3,689
Communication	\$3,000	\$2,310		\$2,310
All Other	\$28,000	\$30,084		\$30,084
Indirect Costs	\$105,567	\$117,911		\$117,911
Other Costs Distributions	\$42,243	\$21,948		\$21,948
TOTAL EXPENDITURES	\$636,272	\$689,603	\$0	\$689,603

¹ Actual MDCH payments.