

Audit Report

Washtenaw County Health Department WIC Program

October 1, 2011 – September 30, 2012



Office of Audit
Quality Assurance and Review Section
July 2013



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH

OFFICE OF AUDIT
400 S. PINE; LANSING, MI 48933

JAMES K. HAVEMAN
DIRECTOR

July 18, 2013

Richard Fleece, RS, Health Officer
Washtenaw County Health Department
555 Towner Ave.
P.O. Box 915
Ypsilanti, MI 48197-0915

Dear Mr. Fleece:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Washtenaw County Health Department WIC Program for the period October 1, 2011 through September 30, 2012.

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

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
Michael Gribbin, Auditor, Office of Audit

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DESCRIPTION OF AGENCY

The Washtenaw County Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Washtenaw County, and the administrative office is located in Ypsilanti, Michigan. The Health Department operates under the legal supervision and control of the Board of Commissioners of Washtenaw County. The Health Department provides community health program services to the residents of Washtenaw County. These services include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease Control, Sexually Transmitted Disease Control, AIDS/HIV Prevention, Children's Special Health Care Services, Tobacco Reduction, Bioterrorism/Emergency Preparedness/Pandemic Flu, Medicaid Outreach, and Women Infants and Children (WIC) Supplemental Food Program.

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 Program is federal funding under federal catalog number 10.557, and is first source funding, 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 WIC Program internal controls and financial reporting, and to determine the MDCH share of WIC 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 Program.
2. To assess the Health Department's effectiveness in reporting their WIC 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 share of costs for the WIC and WIC Breastfeeding 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, 2011 to September 30, 2012. Our review procedures included the following:

- Reviewed the most recent Washtenaw County Single Audit report for any WIC Program concerns.
- Completed the internal control questionnaire.
- Reconciled the WIC Program Financial Status Report (FSR) 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 Program.

Conclusion: The Health Department was effective in establishing and implementing internal controls over the WIC Program. We identified no internal control exceptions.

FINANCIAL REPORTING

Objective 2: To assess the Health Department's effectiveness in reporting their WIC Program 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 their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles. We identified no financial reporting exceptions.

MDCH SHARE OF COSTS

Objective 3: To determine the MDCH share of costs for the WIC and WIC Breastfeeding 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 for fiscal year ended September 30, 2012 is \$922,897. The MDCH obligation under the WIC Breastfeeding/Peer Counseling Program for fiscal year ended September 30, 2012 is \$108,006. 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.

**Washtenaw County Health Department
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/11 - 9/30/12**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH - CPBC	\$922,897	\$922,897 ¹	\$0	\$922,897
Local Funds - Other	\$58,932	\$41,748	\$0	\$41,748
TOTAL REVENUES	\$1,000,392	\$964,645	\$0	\$964,645
EXPENDITURES:				
Salary and Wages	\$572,460	\$451,665	\$0	\$451,665
Fringe Benefits	\$286,224	\$213,950	\$0	\$213,950
Contractual	\$48,000	\$50,871	\$0	\$50,871
Supplies	\$23,521	\$20,078	\$0	\$20,078
Travel	\$22,650	\$9,079	\$0	\$9,079
Communications	\$8,000	\$7,051	\$0	\$7,051
Other Expense	\$900	\$1,225	\$0	\$1,225
Indirect Costs	\$229,480	\$207,511	\$0	\$207,511
Other Cost Distributions	(\$190,906)	\$3,215	\$0	\$3,215
TOTAL EXPENDITURES	\$1,000,392	\$964,645	\$0	\$964,645

¹ Actual MDCH payments.

**Washtenaw County Health Department
WIC Breastfeeding/Peer Counseling Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/11 - 9/30/12**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH - CPBC	\$120,000	\$108,006	\$0	\$108,006
Local – Other Funds	\$7,240	\$0	\$0	\$0
TOTAL REVENUES	\$127,240	\$108,006	\$0	\$108,006
EXPENDITURES:				
Salary and Wages	\$78,452	\$63,479	\$0	\$63,479
Fringe Benefits	\$16,263	\$14,329	\$0	\$14,329
Contractual	\$0	\$0	\$0	\$0
Supplies	\$4,675	\$331	\$0	\$331
Travel	\$2,840	\$1,738	\$0	\$1,738
Communications	\$0	\$0	\$0	\$0
Other Expense	\$0	\$0	\$0	\$0
Indirect Costs	\$25,010	\$28,129	\$0	\$28,129
TOTAL EXPENDITURES	\$127,240	\$108,006	\$0	\$108,006

1 Actual MDCH payments.