

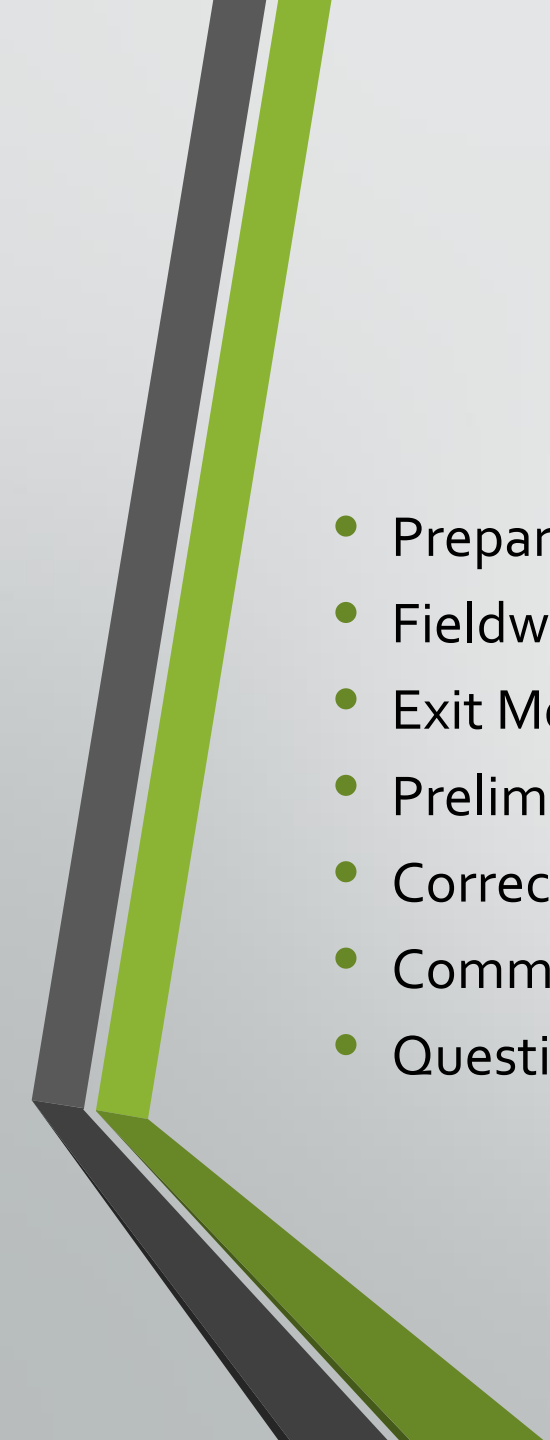


State Program Audits

MALPH Public Health Administrators Forum

2021 Governmental Finance & Administration Seminar for Local
Public Health

September 16, 2021



Agenda

- Preparing for a State Audit
- Fieldwork – Onsite or Virtual
- Exit Meeting
- Preliminary Analysis/Audit Report
- Corrective Action Plan Follow Up
- Common Audit Exceptions
- Questions

Preparing for a State Audit

- Engagement Letter and Attached List of Documents
- Use DCH- File Transfer (Secure FTP)
- Zip Files
- Communicate with Auditors – if extension is needed



how to prepare
for a **successful**
financial audit

Fieldwork – Onsite or Virtual

Onsite Audit

- Starting in early 2022 unless additional WIC waivers
- Auditors onsite 2-4 days
- Entrance Meeting
- Fiscal contacts available
- Preference electronic supporting documentation for payroll and non-payroll sample items
- We will communicate any issues throughout the audit

Virtual Audit

- Entrance Meeting (WIC/FP optional; HIV/AIDs combine it with procedural/control walk through)
- Fiscal contacts available via email and/or TEAMS 2-4 days during the field work scheduled week.
- We will communicate any issues throughout the audit
- Virtual audits have been taking slightly longer than onsite audits as we are balancing multiple virtual audits, along with hybrid shifts and availability.

Exit Meeting

Onsite

- Preliminary exit meeting
 - Outstanding items
 - Discuss any potential issues
 - Discuss wrapping up audit working papers, drafting and emailing the Preliminary Analysis (4-6 weeks)

Virtual

- Informal email update
- Tend to last a few weeks
- Will schedule formal exit meeting once the Preliminary Analysis has been drafted (4-6 weeks)

Preliminary Analysis/Audit Report

Preliminary Analysis

- Emailed by the Auditor to Health Officer and cc to Finance Contacts
- Optional Conference – 14 Days
- Corrective Action Plan, Person Responsible and Anticipated Completion Date – 30 Days

Audit Report

- Include the HD CAP, Person Responsible and Anticipated Completion Date
- Emailed by Executive Secretary to Health Officer and cc to Finance Contacts
- No Longer Public – only available to MDHHS Program Staff on the internal SharePoint

Corrective Action Plan Follow Up

WIC/Family Planning

- CAPER Form emailed to Responsible Person after the anticipated implementation date by WIC/FP Program Staff
- HD Complete Form for each exception and return to WIC/FP Program Staff
- Walkthrough Form

HIV/AIDS

- Due to RW annual fiscal audit – auditors will follow up with a Prior Audit Exception Status Form prior to the subsequent audit.

CAPER Form

Corrective Action Plan Evaluation Report (CAPER)

Deficiencies Noted in MDHHS Audit Division Audit Reports

Grantees are responsible for taking prompt action when instances of non-compliance are identified including non-compliance identified in audit findings (2 CFR 200.303(d)). MDHHS is responsible for following up and ensuring that grantees take timely and appropriate action on all deficiencies noted (2 CFR 200.332(d)(2)). To accomplish this required follow-up, Grantees are asked to complete a CAPER (items 1-7) for **each** Exception contained in an MDHHS Audit Division Audit Report and submit the CAPER(s) to the applicable contact(s) listed below.

1. Grantee Name:
2. Fiscal Year End of the Audit Report:
3. Exception Number (#X) and Title:
4. Corrective Action Plan (CAP) and/or Management Response implementation:
Has the CAP or Management Response been fully implemented as described in the Audit Report? (Yes/No)
If Yes, provide the date when fully implemented:
If No, describe what has been done and when, and what has yet to be completed and when it will be completed:
5. CAPER Completion Date:
6. Person Completing CAPER (Name, Phone Number, Email):
7. State Program(s) that Exception is applicable to (e.g. Family Planning, WIC, etc.):

Email the Corrective Action Plan Evaluation Reports (CAPERs) to the applicable Program Office(s)¹ as follows:

Family Planning: Steve Utter utters@michigan.gov
WIC: Finance Division MDHHS-WicFinance@michigan.gov

Prior Exception Corrective Action Status Request

ABC Agency

PRIOR EXCEPTION CORRECTIVE ACTION STATUS

MDHHS AUDIT REPORT – ISSUED MONTH 20XX

Exception 1	
Corrective Action	
Completion Date	
Person Responsible	
Status Update	Has corrective action been implemented? ☐ <u>Yes</u> Actual Implementation Date ☐ No Planned Implementation Date

Exception 2	
Corrective Action	
Completion Date	
Person Responsible	
Status Update	Has corrective action been implemented? ☐ <u>Yes</u> Actual Implementation Date ☐ No Planned Implementation Date

Exception 3	
Corrective Action	
Completion Date	
Person Responsible	
Status Update	Has corrective action been implemented? ☐ <u>Yes</u> Actual Implementation Date ☐ No Planned Implementation Date

Common Audit Exceptions

- Non-Compliant Fringe Benefit Distributions
- Non-Compliant Distribution of Leave Hours
- Non-Compliant Allocation of Cash Payments in Lieu of Health Insurance Benefits
- Non-Compliant Allocation of Longevity and Lump Sum Payments
- Payroll Distributions Inappropriately Based on Predetermined Percentages
- WIC Breastfeeding Program Indirect Costs Exceed the Allowable Limit
- Fiscal Questionnaires Not Submitted Annually
 - Due 90 days at the start of the agreement
- Internal Service Fund Working Capital Reserve Exceeds Allowable Limit
- Non-Compliant Advertising Expenses (200.421)
- Unallowable Incentive and Promotional Item Costs Charged to WIC Program (MiWIC Policy 11.02)

MI-WIC POLICY

11.0 Fiscal Administration 11.02 Program Incentive Items

Administration

Effective Date: 05/16/2019

PURPOSE: Provide direction regarding the purchase of nutrition, breastfeeding, and outreach incentive items using WIC nutrition services and administration funds (NSA).

DEFINITIONS: Refer to MI WIC Policy 11.01 Program Cost

A. POLICY

1. Program Incentive items refer to a class of goods, usually of a nominal value, that are given to applicants, clients, potential clients, or persons closely associated with the WIC program (such as staff) for the purpose of outreach, nutrition education, or breastfeeding promotion.
2. Incentive items are allowable under certain terms and conditions if they are considered to be a reasonable and necessary cost.
 - a. A reasonable cost:
 - i. Provides a benefit to the program or program goals appropriate to the cost incurred;
 - ii. Is comparable with the cost of similar items from other vendors;
 - iii. Has high priority when compared to other needs for which administrative funds could be used;
 - iv. Has a proven or reasonably expected outcome related to outreach, nutrition education, or breastfeeding promotion.
 - b. A necessary cost:
 - i. Is one that is incurred to carry out essential program functions and cannot be avoided without adversely impacting program operations.
3. Program incentive items for outreach shall:
 - a. Include a WIC specific message that targets the potentially eligible population.
 - b. Be seen in public.
 - c. Include the FNS WIC approved nondiscrimination statement for printed materials that contain WIC information.
 - d. Have a value as outreach devices that equal or outweigh other uses.
 - e. Contain WIC contact information such as the State or local agency name, address, and/or telephone number.
 - f. Include an innovative or proven way of encouraging WIC participation.
4. Program incentive items for nutrition education shall:
 - a. Be targeted to clients.
 - b. Include an FNS WIC approved nondiscrimination statement for printed materials that contain WIC information.

MI-WIC POLICY

Administration

- c. Be a clear and useful connection to particular WIC nutrition education messages.
 - d. Convey enough information to be considered educational or be utilized by clients to reinforce nutrition education contacts.
 - e. Have a value as nutrition education aids that equal or outweigh other uses.
 - f. Be distributed to the audience for which the items were designed.
5. Program incentive items for breastfeeding promotion and support shall:
 - a. Include the FNS WIC approved nondiscrimination statement for printed materials with WIC info.
 - b. Be a clear and useful connection to promoting and supporting breastfeeding among current WIC clients.
 - c. Convey information that encourages and supports breastfeeding or offers support and encouragement to women to initiate and continue breastfeeding.
 - d. Have a value as breastfeeding promotion and support items that equal or outweigh other uses.
 - e. Be distributed to the audience for which the items were designated.
6. All program incentive items shall:
 - a. Be intended for use by clients, potential clients, of persons providing outreach or referral services to promote WIC.
 - b. Be culturally appropriate for the target population in both language and symbolism.
7. Unallowable items include, but are not limited to:
 - a. Celebratory items, or items designed as staff morale boosters, generally for the personal use of the staff, with minimal public display.
 - b. Items of nominal value which have no outreach, breastfeeding, or nutrition education message.
 - c. Any program incentive item intended for persons who are not clients, potential clients or their parents/guardians, or for persons with no connection to the WIC program, such as staff and cooperation agency representatives.

References:

Federal Regulations 7 CFR 246.14 Program costs
FNS WIC Breastfeeding Policy and Guidance, July 2016
USDA Policy memo #95-5 Allowability of Costs for Program Incentive Items
USDA Policy memo #MWSF 95-4

Cross References:

1.09 Civil Rights
11.01 Program Costs

Common Audit Exceptions

- Not Charging Family Planning Clients According to the Sliding Fee Scale Based on Ability to Pay
- Lack of Recent Cost Analysis for Setting the Family Planning Program Fee Schedule
- Misclassification of Revenue on Budget/FSR
- Inaccurate Recording of Fees and Collections
- Billings to Family Planning Program Medicaid Providers Not at 340B Prices
- 340B Program Drug Claims Lacked the Modifier U6
- Medicaid Cost Based Reimbursements Not Properly Reported on FSR

Subrecipient/Contractor Payment Confirmations

- Replaces DHS – CFDA Website
- Website Location: [MDHHS - Contractor Resources \(michigan.gov\)](https://mdhhs.michigan.gov/contractor-resources)
- Instructions
- Report Column Definitions
- Subrecipient Payments
- Contractor Payments
- Uploaded Quarterly

FY 2022 Update

- Cooperative Agreement for Emergency Response: Public Health Crisis Response
 - Assistance Listing Number: 93.354
 - 1 Limit Term Auditor – through June 30, 2023
 - Direct Report to Shannah
 - Work with existing WIC/FP/HIV Audits
- Immunization Cooperative Agreement
 - Assistance Listing Number: 93.268
 - 1 Limited Term Fiscal Auditor – Through June 30, 2024
 - Direct Report to Shannah

Questions



MDHHS Bureau of Audit Contact Information

Shannah Havens, CPA, MBA

Audit Division Director

HavensS2@michigan.gov

517.241.8914

Bryce Wooton

WIC & Family Planning Audit Section Manager

WootonB@michigan.gov

517.241.0112