



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

Including the Provisions of the Single Audit Act

Report Number:
391-0100-12

Department of Community Health

October 1, 2009 through September 30, 2011

Released:
June 2012

A single audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Schedules:

Auditor's Report Issued

We issued an unqualified opinion on the Department of Community Health's (DCH's) financial schedules.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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**Noncompliance and Other Matters
Material to the Financial Schedules**

We did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 11 programs (including 3 programs with ARRA funding) as major programs and identified known questioned costs of \$35,616. DCH expended a total of \$19.5 billion in federal awards, including \$2.0 billion of ARRA funding, during the two-year period ended September 30, 2011. We issued 10 unqualified opinions and 1 adverse opinion. The opinions issued by major

program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified a material weakness in internal control over federal program compliance (Finding 5). We also identified significant deficiencies in internal control over federal program compliance (Findings 1, 2, 4, and 6 through 12).

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 1 through 7 and 9 through 12).

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Internal Accounting and Administrative Control System:

Section 18.1489 of the *Michigan Compiled Laws* requires the Auditor General to evaluate the implementation of Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws* and report to the Legislature in the financial audit of each department. As a result of Executive Reorganization Order No. 2007-31 (Consolidating Internal Audit Functions), in which responsibility for most of the sections was moved to the Office

of Internal Audit Services, State Budget Office, we have evaluated the implementation of only Section 18.1485 in this financial audit. Section 18.1485 requires each department director to establish an internal accounting and administrative control system, defines the elements of that system, defines the duties of the department director, and provides for certain reports. We determined that DCH was in

substantial compliance with Section 18.1485 of the *Michigan Compiled Laws*.

The remaining sections (Sections 18.1483, 18.1484, and 18.1486 - 18.1488 of the *Michigan Compiled Laws*) will be evaluated and reported on in the performance audit of the Office of Internal Audit Services, State Budget Office.

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unqualified
	<u>Aging Cluster:</u>	Unqualified
93.044	• Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	
93.045	• Special Programs for the Aging - Title III, Part C - Nutrition Services	
93.053	• Nutrition Services Incentive Program	
93.705	• ARRA - Aging Home-Delivered Nutrition Services for States	
93.707	• ARRA - Aging Congregate Nutrition Services for States	
93.069	Public Health Emergency Preparedness	Unqualified
	<u>Immunization Cluster:</u>	Unqualified
93.268	• Immunization Grants	
93.712	• ARRA - Immunization	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Unqualified
	<u>Temporary Assistance for Needy Families (TANF) Cluster:</u>	Unqualified
93.558	• Temporary Assistance for Needy Families	
93.767	Children's Health Insurance Program	Unqualified
	<u>Medicaid Cluster:</u>	Adverse
93.720	• ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative	
93.777	• State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	
93.778	• Medical Assistance Program	
93.778	• ARRA - Medical Assistance Program	
93.917	HIV Care Formula Grants	Unqualified
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Unqualified
93.994	Maternal and Child Health Services Block Grant to the States	Unqualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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