



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit
Including the Provisions of the Single Audit Act

Report Number:
 391-0100-10

Department of Community Health

October 1, 2007 through September 30, 2009

Released:
 June 2010

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 identified significant deficiencies in internal control over financial reporting (Findings 1 through 5). We consider Finding 1 to be a material weakness.

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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 as major programs and reported known questioned costs of \$489.0 million and known and likely questioned costs totaling \$4.4 billion. Known and likely questioned costs were based on documentation

provided to us by DCH during our audit fieldwork. However, it is possible that DCH could obtain additional documentation that would reduce the amount of known and likely questioned costs. Therefore, the financial risk to the State is indeterminable. DCH expended a total of \$15.2 billion in federal awards during the two-year period ended September 30, 2009. We issued 7 unqualified opinions, 2 qualified opinions, and 2 adverse opinions. 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 significant deficiencies in internal control over federal program compliance (Findings 6 through 13 and 15 through 35). We consider Findings 9, 12, 13, 15, 16, 26, 28, 33, and 35 to be material weaknesses.

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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 6 through 27, 29, and 31 through 35).

Systems of Accounting and Internal Control:
 We determined that DCH was in substantial compliance with Sections 18.1483 - 18.1487 of

the *Michigan Compiled Laws*. However, we did identify a significant deficiency (Finding 1).

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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 |
| 93.044 | <u>Aging Cluster:</u> <ul style="list-style-type: none"> Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | Unqualified |
| 93.045 | <ul style="list-style-type: none"> Special Programs for the Aging - Title III, Part C - Nutrition Services | |
| 93.053 | <ul style="list-style-type: none"> Nutrition Services Incentive Program | |
| 93.705 | <ul style="list-style-type: none"> ARRA - Aging Home-Delivered Nutrition Services for States | |
| 93.707 | <ul style="list-style-type: none"> ARRA - Aging Congregate Nutrition Services for States | |
| 93.069 | Public Health Emergency Preparedness | Unqualified |
| 93.268 | <u>Immunization Cluster:</u> <ul style="list-style-type: none"> Immunization Grants | Qualified |
| 93.712 | <ul style="list-style-type: none"> ARRA - Immunization | |
| 93.283 | Centers for Disease Control and Prevention - Investigations and Technical Assistance | Unqualified |
| 93.558 | <u>Temporary Assistance for Needy Families (TANF) Cluster:</u> <ul style="list-style-type: none"> Temporary Assistance for Needy Families | Unqualified |
| 93.767 | Children's Health Insurance Program | Qualified |
| 93.777 | <u>Medicaid Cluster:</u> <ul style="list-style-type: none"> State Survey and Certification of Health Care Providers and Suppliers | Adverse |
| 93.778 | <ul style="list-style-type: none"> Medical Assistance Program | |
| 93.778 | <ul style="list-style-type: none"> ARRA - Medical Assistance Program | |
| 93.917 | HIV Care Formula Grants | Unqualified |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | Adverse |
| 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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