

**INSTITUTE FOR POPULATION HEALTH, INC.**

**FINANCIAL STATEMENTS**

**AND**

**SINGLE AUDIT REPORT**

**YEAR ENDED SEPTEMBER 30, 2013**

# INSTITUTE FOR POPULATION HEALTH, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Institute for Population Health, Inc.,  
Detroit, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of Institute for Population Health, Inc., (the Agency), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report  
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and statement of functional expenses as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2014 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

*Alan C. Young, Assoc.*

Detroit, Michigan  
June 9, 2014

# INSTITUTE FOR POPULATION HEALTH, INC.

## Statement of Financial Position September 30, 2013

### ASSETS

#### Current Assets

Cash and Cash Equivalents	\$	1,676,970
Grants Receivables		4,241,023
Prepaid and Other Expenses		57,369
<b>Total Current Assets</b>		<u>5,975,362</u>

Capital Assets, Net		<u>101,222</u>
<b>Total Assets</b>	\$	<u><u>6,076,584</u></u>

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts Payable	\$	4,508,477
Accrued Payroll and Other Liabilities		925,247
Deferred Revenue		170,149
Due to Granting Agency		215,488
Current Portion - Capital Lease		20,664
<b>Total Current Liabilities</b>		<u>5,840,025</u>

<b>Long-Term Portion - Capital Lease</b>		47,487
<b>Total Liabilities</b>		<u>5,887,512</u>

#### NET ASSETS

Unrestricted		<u>189,072</u>
<b>Total Liabilities and Net Assets</b>	\$	<u><u>6,076,584</u></u>

*The accompanying notes are an integral part of the financial statements.*

# INSTITUTE FOR POPULATION HEALTH, INC.

## Statement of Activities Year Ended September 30, 2013

### PUBLIC SUPPORT AND REVENUE

#### Revenue:

Comprehensive Grant Revenue - State of Michigan	\$ 14,687,304
Substance Use Disorder Services Grant	13,496,150
Medicaid Revenue	12,000,000
Adult Benefit Waiver	3,649,789
Other Grant Revenue	833,875
Program Service Fees	1,267,196
Other Revenue	574,770
In-Kind Revenue	815,734
<b>Total Revenue</b>	<u>47,324,818</u>

**Total Public Support and Revenue** 47,324,818

#### Expenses:

Program Services	43,267,236
Management & General	3,868,510
<b>Total Expenses</b>	<u>47,135,746</u>

**Net Increase in Net Assets** 189,072

Net Assets - Beginning of Year -

**Net Assets - End of Year** \$ 189,072

*The accompanying notes are an integral part of the financial statements.*

# INSTITUTE FOR POPULATION HEALTH, INC.

## Statement of Cash Flows Year Ended September 30, 2013

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 189,072
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	13,664
<b>Change in:</b>	
Grants Receivables	(4,241,023)
Prepaid and Other Expenses	(57,369)
Accounts Payable	4,508,477
Accrued Payroll and Other Liabilities	925,247
Deferred Revenue	170,149
Due to Granting Agency	215,488
<b>Net Cash Provided by Operating Activities</b>	<u>1,723,705</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Capital Assets	<u>(27,886)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(27,886)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Payment for Capital Lease - Equipment	<u>(18,849)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(18,849)</u>

Net Increase in Cash and Cash Equivalents 1,676,970

Cash and Cash Equivalents, Beginning of Year -

**Cash and Cash Equivalents, End of Year** \$ 1,676,970

### SUPPLEMENTAL INFORMATION

Interest Paid \$ 7,244

Non-Cash Transactions  
Capital Lease - Copier Equipment \$ 87,000

*The accompanying notes are an integral part of the financial statements.*

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS

The Institute for Population Health, Inc. (the Agency), was incorporated in April 2012 and began operations on October 1, 2012. This was the Agency's first year of operations and they took on the very ambitious task of becoming the entity through which residents of the City of Detroit receive their public health services. The transition was seamless and services were never interrupted. Established as a non-profit organization, the mission of the Agency is to advance positive health outcomes in populations and communities. This is accomplished through fostering innovation, leveraging resources, and building partnerships across sectors with government agencies, communities, the healthcare delivery system, media and academia. The Agency carries the voice of the communities to health policy makers, scientists, purchasers and funders. The Agency's activities advance community capacity to improve health and to reduce disparities among population groups and geographic areas.

The Agency provides the services in three main categories: 1) Consumer & Community Engagement, 2) Behavioral Health, and 3) Environmental Programs & Management Services.

The Agency undertakes the following programs:

### **Behavioral Health Program Overview**

The Behavioral Health Division serves individuals of all ages. Programs are designed to address emotional and behavioral disorders arising from mental health, child abuse and neglect, and domestic violence, as well as to increase a family's support system and access to community resources beneficial to their health and well-being. The Behavioral Health Division (BHD) provides a number of services, including screening and referring substance use disorder clients into treatment and recovery programs. The division also provides prevention and treatment services through an extensive network of providers. Specific services include sub-acute detox, medication assistance, residential drug rehabilitation services, case management, and recovery support services. During the past fiscal year, 11,971 clients received services from the Behavioral Health Division.

### **Childhood Lead Poisoning Prevention Program Overview**

The Childhood Lead Poisoning Prevention Program (CLPPP) provides nursing case management to children who have been identified as having an elevated blood lead level. On a weekly basis, the Michigan Department of Community Health (MDCH) reports all blood lead results to the Institute for Population Health. Program services include home visits from a registered nurse who provides lead education and information to the parents/caregivers in an effort to reduce their child's lead level. The CLPPP nurse performs home visits to families with lead poisoned children. Additionally, the nurses provide referrals to community resources for needs identified by the family. These community linkages include referrals to lead hazard remediation services, educational programs, and nutritional counseling and other food related services. In addition to nursing services, IPH provides education and outreach activities designed to increase awareness of childhood lead poisoning prevention.

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### **Communicable Disease Program Overview**

The IPH Communicable Disease (CD) program is tasked with conducting disease-related surveillance for the City of Detroit. Staffed with a team of nurses and epidemiologists, the CD program works with residents, businesses, and visitors to prevent and control the spread of infectious diseases. CD staff members interview patients and provide guidelines and education to prevent the spread of illness. During IPH's first year of operation, the CD team investigated 1,897 cases of communicable diseases, including Hepatitis B, Salmonellosis, and West Nile Virus. Our staff collaborates with other IPH programs, local health departments, the Michigan Department of Community Health (MDCH), and the Centers for Disease Control and Prevention (CDC) to conduct outbreak investigations. Further, team members serve as liaisons between IPH and local health care providers. For example, during the summer of 2013, the IPH CD program hosted 17 infection control practitioners (ICPs) from local hospitals for a meeting focused on inter-agency collaboration, resource sharing, and streamlining disease investigation processes. Despite the high disease burden and unique challenges faced in the city, the CD team prides itself on promoting a healthier Detroit by providing essential and efficient services.

### **Children's Special Health Care Services (CSHCS) Program Overview**

IPH's Children's Special Health Care Services (CSHCS) program serves children from birth to 21 years of age who have chronic medical conditions. Adults 21 years or older with cystic fibrosis or hereditary coagulation defects are also able to receive program services. All potentially eligible families are assisted with the enrollment and re-certification processes as needed. Services for families enrolled in CSHCS include comprehensive needs assessments, education, advocacy, transportation, equipment and supplies, medications, care planning and implementation, care coordination, and referrals for medical and social services. Program staff includes registered nurses, social workers, and advocates. Staff collaborates with the full range of medical providers, allied health professionals, insurers, and community agencies to enhance the health and well being of the children. Families are linked to resources such as the Children's Special Needs Fund, to pay for provide specialized equipment. CSHCS also provides supportive services to the families including monthly group meetings, navigation through appropriate resources, educate families and children regarding their medical diagnosis, collaborate with Medical Health Plans (MHP) to ensure coordination Case coordination (CC) of benefits to assist the child and family, utilize state databases to collect information and validate medical diagnosis and verify renewal requirements for clients, arrange home visits for plans of care (POC), assist clients with the Children's Special Needs Fund Applications, and provide support for Outreach Events. For the 2012-2013 fiscal years, 2,998 individuals were enrolled in the CSHCS program.

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### Early On Program Overview

Early On is Michigan's early intervention system for infants and children up to age 3 who have a developmental delay or are at risk for becoming delayed. A team of nurses and social workers conducts evaluations, develops a plan of care, and arranges/provides services to enhance development. Early On works with families to improve development in speech, motor skills, 'problem solving' and interacting with others. Families, doctors, nurses and other providers are encouraged to make referrals as soon as a concern is identified. The IPH Early On Program is dedicated to enhancing the growth and development of Detroit's youngest children. During IPH's first year of operation, the Early On team provided evaluation and services to 374 Detroit families. In addition, staff initiated partnerships with local child care providers to provide information and training on growth and development, and expanded the program to include more services for Spanish-speaking families.

### Emergency Preparedness Program Overview

The Office of Public Health Emergency Preparedness (OPHEP) focuses on preparing and responding to public health emergencies, such as pandemics and bioterrorism attacks. The program is responsible for creating an all-hazard public health emergency operations plan, which will guide the public health response to any type of emergency. This includes specific plans for mass vaccination or medication dispensing sites, as well as plans for other protective measures and response operations. OPHEP also works to train public health staff and volunteers on how to implement and test the plans through drills and exercises. The staff of OPHEP also works with other local, regional, state and federal response agencies and community partners, and is a source for information to the public during and immediately after the emergency. For example, during June of 2013, OPHEP and other city, regional, and state partners conducted a statewide emergency preparedness exercise that tested the ability of local jurisdictions to provide antibiotics to the public after a bioterrorism event.

### Environmental Safety Program Overview

The Environmental Safety program is tasked with investigating conditions that are or have the potential to be environmental health hazards. Program staff inspects all public pools, hotels, laundromats, dry cleaners, and tattoo parlors in the City of Detroit. During its first year of operation, program staff conducted 1,671 inspections. Additionally, the program receives bedbug related complaints and provides training and education regarding the prevention and control of bedbug infestations. The Environmental Safety program also collaborates with a number of partners, including Detroit's Building & Safety Engineering Department, the Michigan Department of Community Health, and the Michigan Department of Consumer and Industry Services.

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### **Family Planning Program Overview**

Family planning is a fundamental component of IPH's overall commitment to empowering individuals and improving family health. The IPH Title X Family Planning Program provides comprehensive family planning services to low-income men and women. Operated by a team of medical professionals, the goals of this program are to promote optimal reproductive health and to reduce unplanned pregnancy. Services include reproductive health exams, STI testing and treatment, HIV/AIDS testing and counseling social and medical follow-up and referrals, client education and counseling. The Family Planning Program also fills a critical gap in health care for under-insured and uninsured persons. During its first year of operation, the program served over 5,200 men, women, and teens. Through assertive outreach initiatives and a wide-range of community partnering, the IPH Family Planning team continues to focus its efforts in creating a positive impact in the community we serve. All Title X services are provided on a voluntary and confidential basis. A sliding fee scale is used and fees are based on family size and income. Priority is given to individuals with low to no income. No one is denied services based on inability to pay.

### **Food Safety Program Overview**

IPH's Food Safety program services Detroit restaurants through inspections, education, and enforcement of the Michigan Food Law and FDA Michigan Modified 2009 Food Code. We conduct complaint and foodborne illness investigations to prevent outbreaks of foodborne diseases. During fiscal year 2012/2013, program staff conducted 2,453 inspections. For new construction, alterations, and renovations, we conduct plan reviews and advise on operational procedures to ensure compliance with State-mandated requirements. For special events, we ensure safe food is provided to the public by licensing and actively monitoring all food vendors. Between October 1, 2012 and September 30, 2013, the program issued 297 temporary food permits to vendors across the city. Mobile units, including but not limited to, hot dog carts, food trucks and ice cream trucks are also inspected annually. Further, staff inspection vending machines which sell coffee and cold/frozen products to ensure they are maintained clean and at proper temperatures. During the past fiscal year, the program successfully passed state accreditation with great strides.

### **Healthy Start Program Overview**

The Detroit Healthy Start Project (DHSP) is a federally funded initiative intended to address prenatal health disparities. DHSP was transitioned from the Detroit Department of Health & Wellness Promotion (DHWP) to IPH in July 2013. The project is in the final year of a 5 Year funding cycle. Healthy Start provided five required core interventions: 1) Outreach and Recruitment, 2) Case Management, 3) Health Education, 4) Inter-conception Care, and 5) Prenatal Depression and Screening. Over 900 clients were served by Healthy Start staff from July to October, 2013. The vast majority of the clients were seen by the DHSP social worker assigned to the STD clinic. A new service, Transition to Success, was added to the inter-conception care core intervention in 2013.

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### Healthy Start Program Overview (Continued)

This service is specially designed to address a major contributor to infant mortality, morbidity and poverty. The goal is to transition families from dependency to self-sufficiency through a structured, comprehensive, integrated, scientifically driven system of care. DHSP also continued its ongoing efforts to raise community awareness about infant mortality and morbidity using the 'A Healthy Baby Begins With You' campaign that was developed in partnership with the Great Start Collaborative Wayne. A primary goal of this campaign is to enhance general community understanding about the importance of preparing for pregnancy well before conception and moving the standard of care upstream from early prenatal care to preconception care. DHSP also is engaged in capacity building through the provision of training and technical assistance. Areas of emphasis include increasing Community Health Worker competency, promoting health equity, and expanding project use of social media for outreach.

### HIPPER Program Overview

Staffed by a diverse group of epidemiologists, the Health Information Planning, Policy, Evaluation, and Research (HIPPER) department is responsible for housing internal and external data and conducting research and analyses aimed at improving health. In the brief time since the Institute for Population Health's inception, the HIPPER epidemiologists have collaborated with a variety of local stakeholders, produced reports on health indicators of interest, brought in a substantial amount of grant and project-based funding, and assisted with data analysis for other IPH programs and departments. HIPPER staff is also skilled at conducting surveys, designing databases, conducting Health Impact Assessments (HIAs), and presenting findings at local, state, and national conferences. During the last fiscal year, the HIPPER department worked closely with researchers from California to complete a study examining how the social determinants of health impact mortality rates in various geographic locations across the state.

### HIV Program Overview

The HIV Prevention programs are funded to conduct HIV counseling, testing and referral. There are no testing restrictions based upon risk factors and clients may test anonymously or confidentially. No fees are associated with these service provisions. During Fiscal Year 2012/2013, 8,061 clients were tested and 45 new HIV infections were confirmed. Both rapid screening and confirmatory tests are used to assess clients' HIV status. All Prevention staff are certified test counselors and half are certified in Partner Services (PS). Recently, the HIV Prevention Programs implemented HIV testing in the Wayne County Juvenile Detention Center. As a result of this initiative, 750 youth 13-21 years of age were tested.

In addition to testing clients ourselves, the program also receives reports of HIV diagnoses from private physicians. Upon receipt of these reports, the HIV team leader and manager notify the Michigan Department of Community Health (MDCH).

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### HIV Program Overview (Continued)

Additionally, "Health Threat to Others" (HTTO) investigations are conducted by the manager/team leader. During Accreditation 2013, special recognition was given to the IPH HIV Prevention Program for policies and procedures related to HTTO investigations and resolutions.

### Early Intervention Mobile Outreach Program (EIP) Program Overview

The Early Intervention Mobile Outreach Program (EIP) is funded to provide outreach, testing, education and substance abuse treatment referrals to high-risk individuals in non-traditional settings. The venues for outreach include: substance abuse treatment facilities, homeless shelters, soup kitchens, universities and health fairs. During the past fiscal year, EIP tested 1,127 (37% were tested for the first time) clients and provided outreach, education and prevention interventions to 6,510 contacts. EIP is also responsible for conducting HIV Awareness classes and testing for individuals within the jurisdiction of 36th District Court that have been charged with solicitation or other sexual crimes, HIV testing as needed for Wayne County Jail inmates and bi-annual HIV education of substance abuse treatment professionals.

### Immunization Program Overview

The Immunization program's primary goal is to minimize and prevent the occurrence of vaccine-preventable diseases in the City of Detroit. Through our participation in the federally funded Vaccine for Children Program (VFC), we are able to broaden our outreach efforts for under-insured and uninsured children. At our IPH walk-in clinics, we administer vaccines to children, adolescents, and adults. We also offer on-site vaccination clinics at a variety of Detroit locations, including WIC and Head Start sites. During the past fiscal year, IPH staff administered 16,082 immunizations. We are also able to access immunization records through a state database and provide immunization records to parents and caregivers. The program also assists Detroit public & private schools and licensed childcare centers with meeting state requirements for reporting immunization rates. Annually, we collaborate with WXYZ Channel 7 and the Charles H. Wright Museum to offer vaccinations at a back to school clinic.

### MIHP Program Overview

The Institute for Population Health is an approved provider for the Maternal Infant Health Promotion Program (MIHP). MIHP is a program for all Michigan women with Medicaid health insurance who are pregnant and all infants with Medicaid. MIHP provides support to promote healthy pregnancies, good birth outcomes, and healthy infants. IPH MIHP services include: Maternal and infant health and psychosocial assessment completed by nurse or social worker, the development of beneficiary care plans, coordination of MIHP services with the beneficiary's medical care provider and Medicaid Health Plan. Services are provided in the home or office. The home visits include interventions based on the beneficiary's plan of care. Transportation services are arranged if needed.

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### MIHP Program Overview (Continued)

Referrals are made to local community services (e.g., mental health, substance abuse, domestic violence, basic needs assistance) as needed. Clients in need of education are referred to childbirth education or parenting classes. The IPH MIHP program has an active case load of high risk pregnant women and infants in need of MIHP services. From March through September of 2012, MIHP received 197 referrals.

### Pediatric & Adult Dental Program Overview

The Pediatric and Adult Dental program provides restorative and preventative dental services for residents in the City of Detroit and throughout the metro area. During the 2012-2013 fiscal year; IPH's dental program provided over 2,000 restorative and oral surgery procedures and 407 dental sealants in school based settings. To broaden our reach, the IPH dental program has formed partnerships with a number of community organizations, including the Salvation Army, Wayne County Healthy Communities Health Center, Hamtramck, MI, the Delta Dental Foundation and the Children's Center (TCC) Head Start. IPH is excited to continue the tradition of providing quality dental services to the citizens in the region, while having a collective impact on reducing health disparities for those who are medically underserved.

### STD Program Overview

The Institute for Population Health (IPH) Sexually Transmitted Disease Clinic provides education, testing, and treatment for sexually transmitted diseases (STDs) to the residents of the Detroit metro region. Tests offered at the IPH STD clinic include syphilis, gonorrhea, chlamydia, and HIV. During the first year of operation, the IPH STD Clinic observed a 75% increase in clients as compared to the previous year (from 5,478 to 9,565). Through IPH's management and training, the STD Clinic has increased the HIV testing rate from 60.1% (2012) to 71.1% (2013). Our staff prides itself on our service and commitment to the residents of Southeastern Michigan.

### Tuberculosis Program Overview

Tuberculosis (TB) is a serious but preventable and treatable infectious disease. The IPH Tuberculosis Prevention & Control Program is committed to the identification and proper treatment of all individuals with suspected and confirmed TB. The program is responsible for disease surveillance, screening, diagnosis and treatment of persons with latent infection and active disease. During the past fiscal year, TB program staff administered 1,950 tuberculin skin tests (TSTs). Within the same time period, the TB clinic managed 45 active cases of TB. During the spring of 2013, the TB program coordinated a large contact investigation at two local homeless shelters. As part of this investigation, IPH secured a \$9,000 grant to purchase TB testing supplies. With the utilization of nurse case management and Directly Observed Therapy (DOT) of medications, the program was able to achieve high rates of treatment completion.

# INSTITUTE FOR POPULATION HEALTH, INC.

Notes to Financial Statements (Continued)  
September 30, 2013

## 1) DESCRIPTION OF THE ORGANIZATION AND PROGRAMS (Continued)

### Vision & Hearing Program Overview

The Vision and Hearing program conducts screenings at no charge both onsite and at schools, Head Start sites, daycare centers, and health fairs. In compliance with Michigan's Public Health Code, comprehensive screenings are offered to all children by trained vision and hearing technicians prior to kindergarten entry. Once a child is in school, free screenings continue on a regular basis. Children up to the age of 18 can receive vision and hearing screenings as part of the program. Over 54,000 Detroit children received vision and hearing screenings during IPH's first year of operation. On an average, 10% of children screened for vision and 5% screened for hearing were referred to specialists. Because of these vital screenings, IPH is making a positive difference in thousands of children's lives.

### WIC Program Overview

The Women, Infants and Children (WIC) program is tasked with safeguarding and advancing the nutrition status and health of mothers and children and to promote breastfeeding by providing nutrition education and healthy food. Between October 1, 2012 and September 30, 2013, the average monthly WIC caseload was 30,799 participants, which represents a 97% participation rate based on IPH's state-assigned case load. In addition, IPH breastfeeding support staff provided services to 3,882 women in IPH WIC clinics. Further, WIC outreach staff participated in 61 health fairs and community health promotion events. As part of the Project Fresh initiative, IPH distributed 471 coupon booklets at WIC clinic locations and the Eastern Market.

## 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

### b) Basis of Presentation

In accordance with accounting standards applicable to not-for-profit organizations, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets and permanently restricted net assets. In addition, the Agency is required to present a statement of cash flows.

# INSTITUTE FOR POPULATION HEALTH, INC.

Notes to Financial Statements (Continued)  
September 30, 2013

## 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### b) Basis of Presentation (Continued)

**Unrestricted Net Assets**-not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

**Temporarily Restricted Net Assets**-subject to donor-imposed stipulations that may be fulfilled by actions of the Agency to meet the stipulations or become unrestricted at the date specified by the donor.

**Permanently Restricted Net Assets**-subject to donor-imposed stipulations that they be retained and invested permanently by the Agency.

The Agency has no permanently or temporarily restricted net assets as of September 30, 2013.

### c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

### d) Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

### e) Capital Assets

Property and equipment are defined by the Agency as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property and equipment are stated at cost, if purchased or at estimated fair market value at the date received, if donated. Cost of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the respective assets.

### f) Revenue Recognition

Grant support is recognized as revenue when expenditures are incurred for the specific purpose established under the grant agencies. Any unspent amounts or amounts received in excess of the expenditures are reported as deferred revenue.

# INSTITUTE FOR POPULATION HEALTH, INC.

Notes to Financial Statements (Continued)  
September 30, 2013

## 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### g) Functional Allocation of Expenses

Costs are allocated between management and general and the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Agency.

### h) Compensated Absences

The Agency records as a liability the estimated vested portion of unused vacation time (PTO). An employee can accumulate unused PTO time up to a certain number and it is the Agency's intent to pay the unused PTO time when employment relationship terminates.

### i) Income Tax

The FASB Accounting Standards Codification Topic, Accounting for Uncertainty in Income Taxes, addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

## 3) TAX EXEMPT STATUS

Institute for Population Health, Inc., is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

## 4) CASH AND CASH EQUIVALENTS

Cash includes cash on hand at one financial institution. The deposits of the Agency in bank accounts (excluding outstanding checks and deposits in transit) total \$1,960,666 of which \$250,000 is insured through federal depository insurance and \$1,710,666 is uninsured.

## 5) CONCENTRATION OF RISK AND SIGNIFICANT SOURCES OF REVENUE

Federal and local grants from State of Michigan, Wayne County and City of Detroit currently account for the significant sources of public support and revenue.

# INSTITUTE FOR POPULATION HEALTH, INC.

Notes to Financial Statements (Continued)  
September 30, 2013

## 6) RECEIVABLES

Grant receivables consist of the following at year ended September 30, 2013:

<u>Program</u>	<u>Amount</u>
Comprehensive Grant - State of Michigan	\$ 510,346
Children's Trust Fund	4,330
Medicaid	2,213,214
Adult Benefit Waiver	1,064,620
Early on RESA	27,573
Tuberculosis- City of Detroit	188,604
Healthy Start	160,145
Summer Food Service - State of Michigan	4,276
Henry Ford Health Systems	62,917
Other Receivables	4,998
<b>Total Receivables</b>	<b><u><u>\$ 4,241,023</u></u></b>

## 7) CAPITAL ASSETS

Capital Assets consist of the following at September 30, 2013:

<u>Description</u>	<u>2013</u>
Equipment and Copier	\$ 114,886
Less: Accumulated Depreciation	(13,664)
<b>Total</b>	<b><u><u>\$ 101,222</u></u></b>

## 8) LEASES

The Agency leases space at various locations towards providing program services. The total rental expense in fiscal year 2013 was approximately \$912,000. The future minimum payments towards the non-cancellable lease for one location are as follows:

<u>Fiscal Year Ended September 30,</u>	<u>Amount</u>
2014	\$ 26,950
2015	26,950
2016	13,475
	<b><u><u>\$ 67,375</u></u></b>

# INSTITUTE FOR POPULATION HEALTH, INC.

Notes to Financial Statements (Continued)  
September 30, 2013

## 8) LEASES (Continued)

The Agency also entered into a 12 year lease agreement for the current facility that it rents at 1400 Woodbridge Street. Under the terms of the lease agreement, monthly rent ranges from \$54,120 to \$74,648 over the 12 year period and there is an option to renew for an additional 5 year period by tendering written notice on or before October 31, 2024. Further, under the lease agreement, a Tenant Improvement allowance in an amount equal to \$895,780 shall be provided for leasehold improvements. Out of this amount, upon signing of the lease an initial tenant improvement allowance of \$100,000 was to be provided. The remaining \$795,780 is set aside for future improvements and will be disbursed upon the Agency providing draw request consisting of a certification from the Tenant's architect that the tenant improvements were completed in accordance with the Tenant Improvement Plan and all applicable laws, rules, regulations and ordinances. During fiscal year 2013, the Agency received \$100,000 towards tenant improvement allowance and incurred expense of approximately \$101,000.

### CAPITAL LEASE

The Agency also leased copier machines under a capital lease dated September 28, 2012, with TEAM financial group Inc. As per the lease agreement, monthly payments of \$2,174.40 (including interest) are payable in 48 months beginning October 2012. The lease ends September 2016. Future minimum lease payments (principal) under this lease are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2014	\$ 20,664
2015	22,653
2016	<u>24,834</u>
	<u>\$ 68,151</u>

Amounts that are due in fiscal year 2014 are shown as a current liability in the accompanying statement of financial position.

## 9) PENSION PLAN

The Agency has established a 403(b) pension plan to provide employees the potential for future financial security for retirement. The 403(b) pension plan allows eligible employees to contribute amounts in their own retirement package to meet their individual needs. The Agency also contributes 5% of gross wages to each eligible employee's account. All full time employees, as defined by the Agency, are eligible to receive matching contributions from the Agency. The total employer contribution towards the plan for fiscal year 2013 was approximately \$412,000.

# **INSTITUTE FOR POPULATION HEALTH, INC.**

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**Notes to Financial Statements (Continued)**  
**September 30, 2013**

## **9) PENSION PLAN (Continued)**

The Agency also started a 457(b) – Deferred Compensation plan for a select group of management wherein the Agency will make non-elective contributions to the plan in an amount equal to 5% of the Participant's compensation. The total amount contributed towards this plan in fiscal year 2013 was approximately \$2,400.

## **10) IN-KIND REVENUE**

In-Kind Revenue represents the value of vaccines received by the Agency for the clients it serves. During fiscal year 2013, the Agency received vaccines valued at \$815,734. The value recorded is based on amounts determined by the Department of Community Health.

## **11) CONTINGENCIES**

The expenditure for each program is subject to audit by the granting agency. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

## **12) SUBSEQUENT EVENTS**

The Agency has evaluated all subsequent events through June 9, 2014, the date the financial statements were available to be issued. No significant subsequent event was noted that required adjustment or disclosure in the financial statements.

**INSTITUTE FOR POPULATION HEALTH, INC.****Statement of Functional Expenses  
September 30, 2013**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 8,653,831	\$ 1,262,863	\$ 9,916,694
Taxes and Fringe Benefits	2,395,551	407,261	2,802,812
Travel and Conference	63,558	16,395	79,953
Supplies	939,489	195,787	1,135,276
Marketing, Professional and Consultants	515,027	265,446	780,473
Non-Capital Equipment	235,500	-	235,500
Other Contractual Services	1,888,016	12,500	1,900,516
Occupancy	467,038	790,504	1,257,542
Information Systems	275,761	235,590	511,351
Legal	11,237	178,262	189,499
Communication	130,168	11,774	141,942
Other Administrative and Contractual	853,109	223,578	1,076,687
Insurance	2,228	160,741	162,969
Other Expense	259,759	73,445	333,204
Program Services	25,761,230	20,700	25,781,930
In-Kind Expense (Vaccines)	815,734	-	815,734
Depreciation	-	13,664	13,664
<b>Total Functional Expenses</b>	<u>\$ 43,267,236</u>	<u>\$ 3,868,510</u>	<u>\$ 47,135,746</u>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2013

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number (Contract Number)</u>	<u>Institute for Population Health, Inc. Program Name</u>	<u>Approved Budget</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture Food and Nutrition Service Programs through the Michigan Department of Community Health</b>	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1328380-00	WIC Breastfeeding	\$ 130,000	\$ 129,754
	WIC Resident Services	10.557	1328390-00	WIC Resident Services	5,050,059	5,050,059
	<b>Total Department of Agriculture Food and Nutrition Service Programs through Michigan Department of Community Health</b>				<b>\$ 5,180,059</b>	<b>\$ 5,179,813</b>

See notes to schedule of expenditures of federal awards

**INSTITUTE FOR POPULATION HEALTH, INC.**

**Schedule of Expenditures  
of Federal Awards (Continued)  
Year Ended September 30, 2013**

<b>Federal Grantor/Pass-Through Grantor</b>	<b>Catalog of Federal Domestic Assistance (CFDA) Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number (Contract Number)</b>	<b>Institute for Population Health, Inc. Program Name</b>	<b>Approved Budget</b>	<b>Federal Expenditures</b>
<b>Department of Health and Human Services Centers for Disease Control and Prevention Programs through Michigan Department of Community Health</b>	Well-Integrated Screening and Evaluation for Women Across the Nation	93.094	1328395-00	Wisewoman	\$ 4,747	\$ 4,668
	Immunization Cooperative Agreements	93.268	1328200-00	Immunization Action Plan	332,167	330,120
	Birth Defects and Developmental Disabilities Prevention and Surveillance	93.073	1328120-001	Fetal Infant Mortality Review (FIMR) Case Abstraction	2,950	\$ 2,455
	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	1328025-00	Public Health Emergency Preparedness (10/1/2012 - 6/30/13)	197,374	181,731
	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	1328030-00	Public Health Emergency Preparedness (7/1/13 through 9/30/13)	51,787	48,689
	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	1328035--00	Public Health Emergency Preparedness CRI (10/1/12 through 6/30/13)	241,960	241,960
	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	1328036-00	Public Health Emergency Preparedness CRI (7/1/13 through 9/30/13)	67,350	67,037
	HIV Prevention Activities Health Department Based	93.940	1328185-00	HIV Surveillance Support	22,500	22,500
	HIV Prevention Activities Health Department Based	93.940	1328190-00	HIV Testing	19,500	12,713
	Preventive Health Services Sexually Transmitted Disease Control Grants	93.977	1328350-00	Sexually Transmitted Disease (STD) Control	168,839	157,096
<b>Total Department of Health and Human Services Centers for Disease Control and Prevention through Michigan Department of Community Health</b>				<b>\$ 1,109,174</b>	<b>\$ 1,068,969</b>	

*See notes to schedule of expenditures of federal awards*

**INSTITUTE FOR POPULATION HEALTH, INC.**

**Schedule of Expenditures  
of Federal Awards (Continued)  
Year Ended September 30, 2013**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number (Contract Number)</u>	<u>Institute for Population Health, Inc. Program Name</u>	<u>Approved Budget</u>	<u>Federal Expenditures</u>
Department of Health and Human Services Office of Population Affairs through Michigan Department of Community Health	Family Planning Services	93.217	1328110-00	Family Planning Services	811,982	797,715
<b>Total Department of Health and Human Services Office of Population Affairs through Michigan Department of Community Health</b>					<b>\$ 811,982</b>	<b>\$ 797,715</b>

*See notes to schedule of expenditures of federal awards*

**INSTITUTE FOR POPULATION HEALTH, INC.**

**Schedule of Expenditures  
of Federal Awards (Continued)  
Year Ended September 30, 2013**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number (Contract Number)</u>	<u>Institute for Population Health, Inc. Program Name</u>	<u>Approved Budget</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services Substance Abuse and Mental Health Services Administration passed through Michigan Department of Community Health</b>						
	Block Grants for Prevention and Treatment of Substance Abuse	93.959	20130787-00	Substance Abuse Prevention and Treatment Block Grant	\$ 10,289,342	\$ 10,126,660
	Substance Abuse and Mental Health Services-projects of regional and national significance	93.243	-	Partnership for Success	81,585	81,585
<b>Total Department of Health and Human Services Substance Abuse and Mental Health Services Administration through Michigan Department of Community Health</b>					<b>\$ 10,370,927</b>	<b>\$ 10,208,245</b>

*See notes to schedule of expenditures of federal awards*

**INSTITUTE FOR POPULATION HEALTH, INC.**

**Schedule of Expenditures  
of Federal Awards (Continued)  
Year Ended September 30, 2013**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number (Contract Number)</u>	<u>Institute for Population Health, Inc. Program Name</u>	<u>Approved Budget</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services Health Resources and Services Administration through Michigan Department of Community Health</b>	Maternal and Child Health Services Block Grant to the States	93.994	1328065-00	Children Special Health Care Services (CSHCS) Outreach and Advocacy	\$ 403,140	\$ 399,199
	Maternal and Child Health Services Block Grant to the States	93.994	1328290-00	Maternal Infant Health Program (MIHP)	735,490	735,463
	Maternal and Child Health Services Block Grant to the States	93.994	1328320-00	Other-MCH	974,164	974,164
	Maternal and Child Health Services Block Grant to the States	93.994	1328340-00	SEAL! Oral Health Sealant	70,000	69,862
<b>Total Department of Health and Human Services Health Resources and Services Administration through Michigan Department of Community Health</b>					<b>\$ 2,182,794</b>	<b>\$ 2,178,688</b>

*See notes to schedule of expenditures of federal awards*

**INSTITUTE FOR POPULATION HEALTH, INC.**

**Schedule of Expenditures  
of Federal Awards (Continued)  
Year Ended September 30, 2013**

<u>Federal Grantor/Pass- Through Grantor</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number (Contract Number)</u>	<u>Institute for Population Health, Inc. Program Name</u>	<u>Approved Budget</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture passed through Michigan Department of Education</b>	Summer Food Service Program	10.559	130900 & 131900	SFSP-Operating	<u>141,782</u>	<u>141,782</u>
<b>Total Department of Agriculture passed through Michigan Department of Education</b>					<b><u>\$ 141,782</u></b>	<b><u>\$ 141,782</u></b>

*See notes to schedule of expenditures of federal awards*

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor	Catalog of Federal Domestic Assistance (CFDA) Title	Federal CFDA Number	Pass-Through Entity Identifying Number (Contract Number)	Institute for Population Health, Inc. Program Name	Approved Budget	Federal Expenditures
Department of Health and Human Services	Healthy Start Initiative (HRSA)	93.926	H49MC26189	Healthy Start Initiative (HRSA)	\$ 1,512,630	\$ 160,145
Department of Education passed through Michigan Department of Community Health	Comprehensive Centers	84.283	1328331-002	Detroit Metro Learning Collaborative	5,000	\$ 5,000
Department of Housing and Urban Development passed through Michigan Department of Community Health	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	-	Detroit Metro Learning Lead Support	40,000	38,473
Other Programs - Department of Health and Human Services passed through Michigan Department of Community Health		93-Unknown	1328111-001	FDA Tobacco	52,000	590
		93-Unknown	1328045-003	Centralized Access Home Visiting Hub I	10,000	8,624
		93-Unknown	1328046-001	Centralized Access Home Visiting Hub II	30,000	30,000
	HIV Prevention Activities - Non Governmental Organization Based	93.939	1328170-002	HIV Prevention	<u>494,396</u>	<u>491,935</u>
Other Programs - Department of Health and Human Services passed through Michigan Department of Community Health					<u>586,396</u>	<u>531,149</u>
Department of Health and Human Services Passed through City of Detroit	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2876680	Tuberculosis Grant	<u>251,501</u>	<u>188,604</u>
Department of Health and Human Services Passed through City of Detroit					<u>\$ 251,501</u>	<u>\$ 188,604</u>
<b>Total Expenditure of Federal Awards</b>					<b>\$ 251,501</b>	<b>\$ 20,498,583</b>

See notes to schedule of expenditures of federal awards

# **INSTITUTE FOR POPULATION HEALTH, INC.**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2013**

### **1) SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Institute for Population Health, Inc., for year ended September 30, 2013.

#### Basis of Accounting

The accompanying schedule of federal awards is presented using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

### **2) MAJOR PROGRAMS**

The major programs have been determined in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### **3) SUBSEQUENT EVENTS**

All subsequent events related to the major programs were evaluated through June 9, 2014, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the report.



# *Alan C. Young & Associates, P.C.*

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Institute for Population Health, Inc.  
Detroit, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Institute for Population Health Inc., (the Agency), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2014.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency as described in the accompanying schedule of findings and questioned costs as item no 2013-1 to be a material weakness.

**Independent Auditors Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards  
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Agency's Response to Findings

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alan C. Young, Assoc.*

Detroit, Michigan  
June 9, 2014



# *Alan C. Young & Associates, P.C.*

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Institute for Population Health Inc.,  
Detroit, Michigan

### Report on Compliance for Each Major Federal Program

We have audited Institute for Population Health Inc.'s (the Agency) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Agency's major federal programs for the year ended September 30, 2013. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

**Independent Auditors Report on Compliance for each Major Program and  
on Internal Control over Compliance Required by  
OMB Circular A-133  
(Continued)**

Opinion on the Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-2 through 2013-16. Our opinion on each major federal program is not modified with respect to these matters.

The Agency's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on each of its major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-7, 2013-10, 2013-14 and 2013-15 to be material weaknesses.

**Independent Auditors Report on Compliance for each Major Program and  
on Internal Control over Compliance Required by  
OMB Circular A-133  
(Continued)**

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-2 through 2013-5, 2013-8, 2013-9, 2013-11 through 2013-13, and 2013-16 to be significant deficiencies

The Agency's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Alan C. Young; Assoc.*

Detroit, Michigan  
June 9, 2014

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs Year Ended September 30, 2013

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?

X  Yes         No

Significant Deficiency(ies) Identified?

    Yes     X  None Reported

Non-Compliance Material to Financial  
Statements Noted?

    Yes     X  No

#### Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified?

X  Yes         No

Significant Deficiency(ies) Identified?

X  Yes         None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of Circular  
A-133?

X  Yes         No

#### **Identification of Major Programs:**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children and WIC Resident Services (WIC)
93.217	Family Planning Services
93.994	Maternal and Child Health Services Block Grant to the States

Dollar Threshold used to Distinguish Between Type A and B  
Programs:

\$614,958

Auditee Qualified as Low Risk Auditee?

    Yes     X  No

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

Reference Number	Findings
2013-1	<p data-bbox="407 464 870 491"><b>Finding Type</b> – Material Weakness</p> <p data-bbox="407 527 1419 625"><b>Condition and Description:</b> During our audit, we noted certain matters that collectively constituted a weakness in internal control over financial reporting. Certain items noted are as follows:</p> <ul data-bbox="456 657 1419 1556" style="list-style-type: none"><li data-bbox="456 657 1419 789">• For the initial few months, during the year, the bank reconciliation statements were not signed by the preparer and were not timely reviewed. Subsequently, the bank reconciliations were reviewed and approved by appropriate personnel on a timely basis.</li><li data-bbox="456 821 1419 877">• For 2 out of 27 samples selected for payroll testing, the approved pay rate could not be verified.</li><li data-bbox="456 909 1419 1178">• Based on our review of journal entries made during the year, there are excessive manual journal entries posted to correct and reclass transactions. Further, evidence of review and approval of these journal entries was not noted. A formal policy for recording manual journal entries was not noted. We also noted instances where employees were incorrectly coded in the payroll register as working for a particular grant while the actual amounts were charged to a different program. Manual Journal entries were made to reclassify the payroll expenses.</li><li data-bbox="456 1209 1419 1371">• During our payroll testing we noted several instances where the PTO (paid time off) was not input in the electronic time sheet and no evidence of approval by the employees’ supervisor/manager was noted. However, in all these cases, the employee was paid for the PTO time and charged to the grant.</li><li data-bbox="456 1402 1419 1459">• Based on our cut off procedures (accounts payable), we noted 2 out of 25 samples, where accounts payable was not properly recorded.</li><li data-bbox="456 1491 1419 1556">• The Agency did not capitalize assets that met the capitalization threshold.</li></ul> <p data-bbox="407 1591 1419 1690">Although, adjustments were made to correct the errors, lack of oversight can lead to the risk that discrepancies will not be detected or corrected in a timely manner.</p> <p data-bbox="407 1726 1419 1822"><b>Recommendation</b> – We recommend the Agency implement and/or follow the established procedures to improve and strengthen its internal control over financial reporting.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

Reference Number	Findings
2013-1 (Continued)	<p><b>Finding Type – Material Weakness (Continued)</b></p> <p><b>View of Responsible Officials and Corrective Action Plan –</b></p> <ul style="list-style-type: none"><li>• <u>Condition and Description</u> – For initial few months, during the year, the bank reconciliation statements were not signed by the preparer and were not timely reviewed. Subsequently, the bank reconciliation were reviewed and approved by appropriate personnel on a timely basis.  We agree with this finding. Bank reconciliations will continue to be reviewed and approved monthly.</li><li>• <u>Condition and Description</u> - For 2 out of 27 samples selected for payroll testing, the approved pay rate could not be verified.  We agree with the finding. By September 30, 2014, all approved pay rates will be documented in the personnel file.</li><li>• <u>Condition and Description</u> - Based on our review of journal entries made during the year, there are excessive manual entries posted to correct and reclass transactions.  We agree with the finding. It should be noted that the reason for this finding was due to a new accounting system being installed and used by new employees. Subsequent to the date of this report, journal entries will be entered by the managers, after review and approval by the Chief Financial Officer.</li><li>• <u>Condition and Description</u> – During the payroll testing we noted several instances where the PTO (paid time off) was not input into the electronic time sheet and no evidence of approval by the employee’s supervisor/manager was noted. However, in all these cases, the employee was paid for the PTO time and charged to the grant.  We agree with this finding. Due to the new system and new personnel, there was a period of time where the Human Resource Office had to enter PTO. Multiple trainings with Staff and Supervisors has cleared up this issue.</li><li>• <u>Condition and Description</u> – Based on our cut off procedures (accounts payable), we noted 2 out of 25 samples where accounts payable was not properly recorded.  We agree with this finding. We will be more attentive, for the next year end closing, in searching for unrecorded liabilities.</li><li>• <u>Condition and Description</u> – The Agency did not capitalize assets that met the capitalization policy.  We agree with this finding. Any future assets purchased that should be capitalized, will be capitalized.</li></ul>

# INSTITUTE FOR POPULATION HEALTH, Inc.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

Reference Number	Findings
2013-2	<p><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; CFDA # 93.959</p> <p><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p><b>Criteria</b> – As per the contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), the Agency is required to submit the reports listed in “Attachment C” of the contract including Revenue and Expenditure Reports (RER) and FSRs via E-Grams on time and as per reporting instructions.</p> <p><b>Condition</b> – Out of 36 reports tested 10 reports that are required per the grant agreement were not submitted to MDCH within the required time frame.</p> <p><b>Questioned Costs</b> – None</p> <p><b>Cause/Effect</b> – Internal controls were not properly designed, executed or monitored to ensure the submission of the required reports on time. As a result, the Agency did not comply with the reporting requirements.</p> <p><b>Recommendation</b> – We recommend the Agency prepare and submit their required reports to MDCH within the required time frame.</p> <p><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. Our reporting schedule was based on the state e-grams system which is what we complied with. Not until the audit were we made aware of a subsystem with different reporting guidelines. Now that we are aware, we will follow the reporting guidelines.</p>

# INSTITUTE FOR POPULATION HEALTH, Inc.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-3	<p data-bbox="404 464 1390 531"><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; CFDA # 93.959</p> <p data-bbox="404 554 1273 590"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="404 613 1133 648"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="404 678 1414 814"><b>Criteria</b> – As per the Contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), and per Substance Use Disorder Services Program (SUDS) Audit Guidelines, the Agency is required to execute a subcontract prior to the initiation of any subcontracted activity.</p> <p data-bbox="404 848 1414 951"><b>Condition</b> – Per review of the Contract between the Agency and Clark &amp; Associates, no date was noted on the contract to verify that the contract was executed prior to initiation of the sub-contracted activity.</p> <p data-bbox="404 984 760 1020"><b>Questioned Costs</b> – None</p> <p data-bbox="404 1052 1414 1188"><b>Cause/Effect</b> – Although the contracts were signed, no date was noted on the contract to verify compliance. As a result, it could not be determined whether the contracts were entered into prior to initiation of the sub-contracted activity.</p> <p data-bbox="404 1220 1414 1323"><b>Recommendation</b> – We recommend the Agency ensure that the contracts with sub-contractors are signed and dated to be in compliance with MDCH guidelines.</p> <p data-bbox="404 1356 1414 1486"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. Effective October 1, 2013, all provider contracts were generated electronically which automatically inserts an electronic date when the contract is executed.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-4	<p data-bbox="407 506 1419 573"><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; CFDA # 93.959</p> <p data-bbox="407 596 1276 630"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 653 1135 686"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="407 722 1419 919"><b>Criteria</b> – As per the Contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), and per Substance Use Disorder Services Program (SUDS) Audit Guidelines, all fees and collections reported on Revenue Expenditure Report (RER) need to be traced and agreed to the Agency’s records used to prepare this information (i.e. Care Net).</p> <p data-bbox="407 968 1419 1066"><b>Condition</b> – Out of 5 samples tested, we noted 1 instance where the portion of fee and collections revenue reported on the RER was not supported by the Agency’s records.</p> <p data-bbox="407 1100 760 1134"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1169 1419 1304"><b>Cause/Effect</b> – An adequate review was not in place to ensure that the amounts reported on the RER agreed to the Agency’s records. As a result, the fee and collection amount reported could not be supported by the Agency’s records resulting in noncompliance with the grant requirements.</p> <p data-bbox="407 1337 1419 1436"><b>Recommendation</b> – We recommend the Agency perform a detailed review of the RER and reconcile the amounts to supporting documents prior to submission.</p> <p data-bbox="407 1470 1419 1570"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. For the next annual report, we will assure that this schedule agrees with our records, and those of our subcontractors.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-5	<p><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; CFDA # 93.959</p> <p><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p><b>Criteria</b> – As per the Contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), and per the audit guidelines, budgeted and actual expenditures, as reported on the RER detail pages, must correctly total to the RER Composite Page. In addition, all reported expenditures must be traceable to the Agency’s general ledger and adequately supported.</p> <p><b>Condition</b> – The approved RER’s detail pages for the budget amount did not agree to the RER Composite Page. In addition, we noted that the expenditures reported on the final RER included certain estimated unbilled service provider costs that totaled approximately \$104,000.</p> <p><b>Questioned Costs</b> – None</p> <p><b>Cause/Effect</b> – An adequate review was not in place to ensure that the amounts reported on the final RER agreed to the Agency’s general/ledger and reported amounts are actual revenues and expenditures for fiscal year 2013.</p> <p><b>Recommendation</b> – We recommend the Agency ensure that the budget amounts reported on the final RER detail page agree to composite page and the reported amounts are actual revenue and expenditures for fiscal year.</p> <p><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. It should be noted that during FY 2013, there was a problem with the eligibility system for Substance Use Disorder clients. This peaked at year end when more than \$200,000 in claims were disallowed, by the State, due to eligibility. It was later determined that while the State was using one system to set eligibility, the County was using different system. This matter was not resolved until January 2013. This is what necessitated the accrual at the end of FY 2013. This should not be the issue going forward.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-6	<p data-bbox="407 506 1419 573"><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; CFDA # 93.959</p> <p data-bbox="407 596 1276 627"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 653 824 684"><b>Finding Type</b> – Noncompliance</p> <p data-bbox="407 722 1419 921"><b>Criteria</b> – As per the contractual agreement between IPH (the Agency) and MDCH, the Agency is given a minimum expenditure target of \$962,815 on women’s specialty services (WSS) for the purpose of assuring statewide compliance with the SAPT Block Grant minimum expenditure requirement for women’s specialty services. Also, the Agency must report all WSS allowable expenditures on their RERs in the Women’s Specialty Column.</p> <p data-bbox="407 968 1419 1066"><b>Condition</b> –Based on the documentation provided, the Agency did not meet the minimum expenditure target of \$962,815 on Women’s Specialty Services for fiscal year 2013.</p> <p data-bbox="407 1092 813 1123"><b>Questioned Costs</b> – Unknown</p> <p data-bbox="407 1148 1419 1283"><b>Cause/Effect</b> – The Agency could not meet the minimum expenditure target since most women receiving the services were already Medicaid eligible. Noncompliance with grant requirements could lead to potential questioned costs.</p> <p data-bbox="407 1308 1419 1375"><b>Recommendation</b> – We recommend the Agency strive to ensure that the minimum expenditure target for WSS is met.</p> <p data-bbox="407 1400 1419 1533"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. It is extremely difficult to identify women in Detroit who are not eligible for Medicaid thereby meeting the requirements to be served in this group. We have reported this difficulty to the state on numerous occasions.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-7	<p data-bbox="407 485 1414 554"><b>Program Name</b> – Special Supplemental Nutrition Program for Women, Infants, and Children and WIC Resident Services; CFDA # 10.557</p> <p data-bbox="407 577 1273 611"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 634 1105 667"><b>Finding Type</b> – Material Weakness &amp; Noncompliance</p> <p data-bbox="407 701 1414 804"><b>Criteria</b> – As per Circular A-122, charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the Organization.</p> <p data-bbox="407 848 1305 882"><b>Condition</b> – During our payroll testing the following items were noted:</p> <ul data-bbox="456 909 1414 1110" style="list-style-type: none"><li>• For 1 out of 30 instances the actual time spent and reported on the timesheet did not agree to the amount paid and charged to the program. The known questioned cost for the variance in the time sheet totaled \$808.</li><li>• For 15 employees tested, the personnel files did not contain background checks/screenings and signed confidentiality agreements.</li></ul> <p data-bbox="407 1136 760 1169"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1192 1414 1325"><b>Cause/Effect</b> –At the beginning of the fiscal year and in its first year of operation, the Agency had one person in the Human Resources Department handling all employment related matters. Due to the staffing levels, the personnel files were not complete.</p> <p data-bbox="407 1352 1414 1421"><b>Recommendation</b> – We recommend the Agency strives to maintain all the required documentation with respect to payroll charge in each employee’s file.</p> <p data-bbox="407 1444 1414 1644"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. IPH has increased from one person in charge of human resources to two full time and one part time staff. In addition, all payrolls are reviewed by the COO prior to the transmittal of the data to Paycor for processing. By September 30, 2014 all approved pay rates will be documented in personnel file.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-8	<p data-bbox="407 485 1414 554"><b>Program Name</b> – Special Supplemental Nutrition Program for Women, Infants, and Children and WIC Resident Services; CFDA # 10.557</p> <p data-bbox="407 577 1273 611"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 634 1133 667"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="407 703 1414 905"><b>Criteria</b> – As per the contract agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), the Agency is required to submit quarterly financial status reports within 15 days after the end of each quarter. In addition, the Agency shall maintain monthly records for each individual peer counselor and submit the reports to the State WIC office on a quarterly basis within 15 days after the end of each quarter.</p> <p data-bbox="407 940 1414 1073"><b>Condition</b> –During our reporting test work, we noted that 2 quarterly financial status (WIC-BF &amp; WIC) reports were not submitted within the required time frame. In addition, the 4<sup>th</sup> quarterly individual peer counselor’s report was not submitted within the required time frame.</p> <p data-bbox="407 1098 760 1131"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1157 1414 1255"><b>Cause/Effect</b> – Internal controls were not properly designed, executed or monitored to ensure the submission of the required reports on time. As a result, the Agency did not comply with the reporting requirements.</p> <p data-bbox="407 1281 1414 1350"><b>Recommendation</b> – We recommend the Agency prepare and submit their required reports to MDCH within the required time frame.</p> <p data-bbox="407 1375 1414 1577"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. Our reporting schedule was based on the state e-grams system which is what we complied with. Not until the audit were we made aware of a subsystem with different reporting guidelines. Now that we are aware, we will follow the reporting guidelines. Subsequent to the date of this report, we will assure that all reports are submitted on time.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-9	<p data-bbox="407 485 1192 518"><b>Program Name</b> – Family Planning Services; CFDA # 93.217</p> <p data-bbox="407 543 1273 577"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 602 1135 636"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="407 667 1419 804"><b>Criteria</b> – As per the Compliance requirements and per contractual agreement, all charges to the Family Planning must be necessary, reasonable, allowable and allocable for the proper and efficient administration of the program.</p> <p data-bbox="407 835 1419 1003"><b>Condition</b> - Out of 30 samples tested for disbursement, we noted for 1 sample, the purchase requisition form (PO) stated the purchase was for TB/CD program while the expense was charged to the Family Planning Services. Allowability of the cost could not be verified. The total amount charged to the program was \$748.</p> <p data-bbox="407 1031 761 1064"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1092 1419 1184"><b>Cause/Effect</b> – Due to lack of a thorough review, the cost was charged to family planning service program while the purchase related to TB grant as noted on the approved PO form.</p> <p data-bbox="407 1211 1419 1304"><b>Recommendation</b> – We recommend the Agency ensures that the expenses charged to the program are allowable and improve its internal control over compliance.</p> <p data-bbox="407 1335 1419 1503"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. We strive to assure that 100 percent of all expenses are charged to grants properly. In addition, all managers will begin to receive monthly expenditure detail that they will review to ensure that only items appropriate for the grant are charged there. We will continue to strive for 100%.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-10	<p data-bbox="407 527 1187 552"><b>Program Name</b> – Family Planning Services CFDA # 93.217</p> <p data-bbox="407 583 1276 609"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 640 1105 665"><b>Finding Type</b> – Material Weakness &amp; Noncompliance</p> <p data-bbox="407 707 1419 804"><b>Criteria</b> – As per Circular A-122, charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the Organization.</p> <p data-bbox="407 842 1308 867"><b>Condition</b> – During our payroll testing the following items were noted:</p> <ul data-bbox="456 905 1419 1171" style="list-style-type: none"><li>• For 1 out of 20 samples, the employee was over paid in error and was subsequently corrected in the next pay period.</li><li>• For 1 employee the amount paid did not agree to rate of pay as per the personnel file. The total amount for this employee charged to the program was \$9,731.</li><li>• For 5 employees tested, the personnel files did not contain the signed confidentiality forms and background check screenings. Further, in 4 instances, drug testing documents was not noted in the personnel file.</li></ul> <p data-bbox="407 1199 760 1224"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1262 1419 1379"><b>Cause/Effect</b> –At the beginning of the fiscal year and in its first year of operation, the Agency had one person in the Human Resources Department handling all employment related matters. Due to the staffing level, the personnel files were not complete.</p> <p data-bbox="407 1417 1419 1476"><b>Recommendation</b> – We recommend the Agency strives to maintain all the required documentation with respect to payroll charge in each employees' file.</p> <p data-bbox="407 1507 1419 1703"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. Due to the new payroll system and new personnel, there was a period of time where the Human Resource office had to enter employee time. Multiple trainings with staff and supervisors has cleared up this issue. An audit of personnel files will be conducted and all required paperwork will be generated, signed and filed.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-11	<p><b>Program Name</b> – Family Planning Services; CFDA # 93.217</p> <p><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p><b>Criteria</b> – As per the contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), the Agency is required to submit the reports listed in the contract on time and as per reporting instructions.</p> <p><b>Condition</b> – Out of 6 reports tested, 2 reports that are required per the grant agreement were not submitted to MDCH within the required time frame. In addition, the Mid-Year report was not provided for review.</p> <p><b>Questioned Costs</b> – None</p> <p><b>Cause/Effect</b> – Internal controls were not properly designed, executed or monitored to ensure the submission of the required reports on time. As a result, the Agency did not comply with the reporting requirements.</p> <p><b>Recommendation</b> – We recommend the Agency prepare and submit their required reports to MDCH within the required time frame and supporting documentation is maintained for the submission of the reports.</p> <p><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. Our reporting schedule was based on the state e-grams system which is what we complied with. Not until the audit were we made aware of a subsystem with different reporting guidelines. Now that we are aware, we will follow the reporting guidelines. Subsequent to the date of this report, we will assure that all reports are submitted on time.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-12	<p data-bbox="407 426 1419 491"><b>Program Name</b> – Maternal and Child Health Services Block Grant to the States; CFDA # 93.994</p> <p data-bbox="407 518 1276 550"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 575 1135 606"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="407 642 1419 774"><b>Criteria</b> – As per the Compliance requirements and the contractual agreement, all charges to the Maternal and Child Health Services Block Grant to the States must be necessary, reasonable, allowable and allocable for the proper and efficient administration of the program.</p> <p data-bbox="407 804 1419 869"><b>Condition</b> – During our Cash disbursement test work, we noted the following discrepancies:</p> <ul data-bbox="456 894 1419 1297" style="list-style-type: none"><li>• The check request form (attached to the invoice) stated that the expense needs to be allocated to 3 programs; however the entire amount was charged to Maternal and Child Health Services Block grant.</li><li>• The payments were made for the activities that were not included in the Local MCH plan. The amount charged for 2 items totaled \$5,400.</li><li>• For 2 out of 40 invoices tested, evidence of review and approval on the invoices was not noted.</li><li>• In 3 instances no evidence of review and approval of invoices by the grant manager were noted.</li><li>• For 1 item, the amount charged to the program included certain unallowable costs.</li></ul> <p data-bbox="407 1320 797 1352"><b>Questioned Costs</b> – \$56,057</p> <p data-bbox="407 1377 1419 1541"><b>Cause/Effect</b> – Due to the lack of adequate documentation, we could not verify if the funds were allocated to the various programs properly. The Agency was not in compliance with the requirements of the grant. Noncompliance with the requirements could lead to potential questioned costs and compliance failures.</p> <p data-bbox="407 1570 1419 1703"><b>Recommendation</b> – We recommend the Agency strives to improve its internal control over cash disbursement, maintain all supporting documents related to expenditures for the program and comply with the requirements of the contractual agreement.</p> <p data-bbox="407 1728 1419 1925"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. We will maintain all supporting documents related to expenditures for the program and comply with the requirements of the contractual agreement. Subsequent to the date of this report, we will assure that all invoices are signed by the program manager prior to payment and are allowable costs for the grant.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-13	<p data-bbox="407 443 1419 512"><b>Program Name</b> – Maternal and Child Health Services Block Grant to the States; CFDA # 93.994</p> <p data-bbox="407 535 1276 569"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 592 1133 625"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="407 659 1419 793"><b>Criteria</b> – As per the contractual agreement between IPH (the Agency) and Michigan Department of Community Health (MDCH), the Agency is required to submit the reports listed in the contract on time and as per reporting instructions.</p> <p data-bbox="407 821 1419 919"><b>Condition</b> – Out of 4 reports tested for Children’s Special Health Care Services (CSHCS) Outreach &amp; Advocacy, 1 report was not submitted to MDCH within the required time frame.</p> <p data-bbox="407 947 1419 1010">3 out of 4 Quarterly reports for SEAL oral health sealant program were not submitted to MDCH within the required time frame.</p> <p data-bbox="407 1037 760 1071"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1098 1419 1194"><b>Cause/Effect</b> – Internal controls were not properly designed, executed or monitored to ensure the submission of the required reports on time. As a result, the Agency did not comply with the reporting requirements.</p> <p data-bbox="407 1230 1419 1293"><b>Recommendation</b> – We recommend the Agency prepare and submit their required reports to MDCH within the required time frame.</p> <p data-bbox="407 1329 1419 1526"><b>View of Responsible Officials and Corrective Action Plan</b> - We agree with this finding. Our reporting schedule was based on the state e-grams system which is what we complied with. Not until the audit were we made aware of a subsystem with different reporting guidelines. Now that we are aware, we will follow the reporting guidelines. Subsequent to the date of this report, we will assure that all reports are submitted on time.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-14	<p data-bbox="407 443 1414 510"><b>Program Name</b> – Maternal and Child Health Services Block Grant to the States; CFDA # 93.994</p> <p data-bbox="407 533 1273 567"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 590 1105 623"><b>Finding Type</b> – Material Weakness &amp; Noncompliance</p> <p data-bbox="407 657 1414 758"><b>Criteria</b> – As per Circular A-122, charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the Organization</p> <p data-bbox="407 791 1305 825"><b>Condition</b> – During our payroll testing the following items were noted:</p> <ul data-bbox="456 854 1414 1056" style="list-style-type: none"><li>• For 1 out of 15 instances the actual time spent and reported on timesheet did not agree to the amount paid and charged to the program.</li><li>• For all 15 samples tested, the personnel files did not have signed confidentiality agreements, background checks/screenings. Further, in 2 instances, drug testing document were not noted in personnel file.</li></ul> <p data-bbox="407 1081 760 1115"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1140 1414 1270"><b>Cause/Effect</b> – At the beginning of the fiscal year and in its first year of operation, the Agency had one person in the Human Resources Department handling all employment related matters. Due to the staffing level, the personnel files were not complete.</p> <p data-bbox="407 1295 1414 1463"><b>Recommendation</b> – We recommend the Agency strives to maintain all the required documentation with respect to payroll charge in each employees personnel file. Proper internal controls over Payroll process should be in place to ensure that time reported properly reconcile/agree with the time paid and charged to federal program.</p> <p data-bbox="407 1488 1414 1686"><b>View of Responsible Officials and Corrective Action Plan</b> - We agree with this finding. Subsequent to this report, we will make sure that all personnel files will maintain all required documentation. In addition, all staff and supervisors have been retrained on the Paycor payroll system to ensure the proper entry of time worked and PTO and proper approval of supervisors a included.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-15	<p data-bbox="407 485 1419 583"><b>Program Name</b> – Family Planning Services; CFDA # 93.217; Special Supplemental Nutrition Program for Women, Infants, and Children and WIC Resident Services; CFDA # 10.557</p> <p data-bbox="407 611 1273 642"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="407 669 1135 701"><b>Finding Type</b> – Material Weakness and Noncompliance</p> <p data-bbox="407 737 1419 905"><b>Criteria</b> – As per OMB Circular A-110, all procurement transactions must be conducted in a manner to provide, to the maximum extent practical, open and free competition. Awards shall be made to the bidder or offer or whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered.</p> <p data-bbox="407 940 1419 1108"><b>Condition</b> – During our audit we noted 2 instances where procurement (RFQ, bids, etc.) was not timely performed. In the last quarter of FY 2013, RFQ's and bidding procedures were performed to select the contractors. Further, in 1 instance documentation of RFQ bidding procedures was misplaced during relocation.</p> <p data-bbox="407 1144 760 1176"><b>Questioned Costs</b> – None</p> <p data-bbox="407 1211 1419 1411"><b>Cause/Effect</b> – Although the Agency has an established procurement policy and procedures, solicitations and open competition (including RFP's and bidding) were not performed until the end of fiscal year 2013. The Agency continued to use vendors/contractors from when it was part of City of Detroit. Due to time constraints and to avoid any disruption of services to its clients, previously approved vendors/contractors were used.</p> <p data-bbox="407 1446 1419 1545"><b>Recommendation</b> – We recommend the Agency adhere to its established procurement policies and procedures and comply with the requirements of OMB Circular A-110.</p> <p data-bbox="407 1581 1419 1644"><b>View of Responsible Officials and Corrective Action Plan</b> - We agree with this finding.</p>

# INSTITUTE FOR POPULATION HEALTH, INC.

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

### SECTION III – FEDERAL PROGRAM AUDIT FINDINGS (Continued)

Reference Number	Findings
2013-16	<p data-bbox="418 489 1443 621"><b>Program Name</b> – Block Grants for Prevention and Treatment of Substance Abuse; Special Supplemental Nutrition Program for Women, Infants, and Children and WIC Resident Services; Family Planning Services; Maternal and Child Health Services Block Grant to the States.</p> <p data-bbox="418 657 956 688"><b>CFDA #:</b> 93.959, 10.557, 93.217, 93.994</p> <p data-bbox="418 716 1289 747"><b>Pass-through Entity</b> – Michigan Department of Community Health</p> <p data-bbox="418 774 1149 806"><b>Finding Type</b> – Significant Deficiency &amp; Noncompliance</p> <p data-bbox="418 842 1443 940"><b>Criteria</b> – As per Circular A-122, charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the Organization.</p> <p data-bbox="418 976 1443 1209"><b>Condition</b> - During our audit, we noted that the Agency prepared the personnel activity reports (PAR's) on a quarterly basis and not on a monthly basis as required under OMB Circular A-122. Subsequently, the Agency prepared monthly PAR's to reflect the salary distributions. Further, we noted 1 instance in Maternal and Child Health Services Block grant, where adequate documentation to support the payroll distribution for the month tested was not provided.</p> <p data-bbox="418 1245 769 1276"><b>Questioned costs</b> – None</p> <p data-bbox="418 1312 1443 1377"><b>Cause/Effect</b> – Due to lack of appropriate policies and procedures, the Agency was not in compliance with OMB Circular A-122 requirements.</p> <p data-bbox="418 1413 1443 1512"><b>Recommendation</b> - We recommend the Agency strive to adhere to the requirements of OMB Circular A-122 relating to payroll charges and distributions.</p> <p data-bbox="418 1547 1443 1711"><b>View of Responsible Officials and Corrective Action Plan</b> – We agree with this finding. We now have a policy in place to address the preparation of the PAR. Also, effective in June 2014, we are requiring all personnel to enter their time into our payroll system, which will track their time by grants especially those who work on multiple grants.</p>

**INSTITUTE FOR POPULATION HEALTH, INC.**

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**Status of Prior Year Findings  
Year Ended September 30, 2013**

No prior year audit findings due to first year of operation as a separate entity.