

Department of Health

Program Selected For Fiscal Year 1995 Statewide Audit

February 1996

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Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

96-6



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann H. Rest, Chair
Legislative Audit Commission

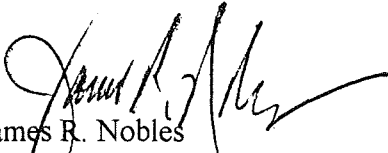
Members of the Legislative Audit Commission

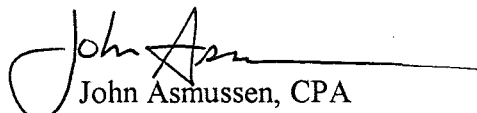
Ms. Anne M. Barry, Commissioner
Department of Health

We have audited selected areas of the Department of Health for the fiscal year ended June 30, 1995, as further explained in the Background section. The work conducted in the department is part of our Statewide Audit of the State of Minnesota's fiscal year 1995 financial statements and Single Audit (federal compliance audit). The Comprehensive Annual Financial Report for the year ended June 30, 1995 includes our report, issued thereon dated December 1, 1995. The Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 1995 will include our reports on the supplementary information schedule, internal control structure, and compliance with laws and regulations. We anticipate issuing this report in June 1996. We emphasize that this has not been a complete audit of all financial activities of the Department of Health. The following Summary highlights the audit objectives and conclusions.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we obtain an understanding of management controls relevant to the audit. The standards require that we design the audit to provide reasonable assurance that the Department of Health complied with provisions of laws, regulations, contracts, and grants that are significant to the audit. Management of the Department of Health is responsible for establishing and maintaining the internal control structure and complying with applicable laws, regulations, contracts, and grants.

This report is intended for the information of the Legislative Audit Commission and the management of the Department of Health. This restriction is not intended to limit the distribution of this report, which was released as a public document on February 9, 1996.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: December 28, 1995

Report Signed On: February 5, 1996

SUMMARY

State of Minnesota

Office of the Legislative Auditor

Centennial Office Building • St. Paul, MN 55155

612/296-4708

Department of Health

Program Selected For Fiscal Year 1995 Statewide Audit

Public Release Date: February 9, 1996

No. 96-6

Agency Background

The mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of the citizens of Minnesota. The department is organized into two divisions: 1) Health Systems and Special Populations and 2) Health Protection. Some of the activities the department performs to achieve its goals include public health studies and investigations, collecting and analyzing health and vital data, establishing and enforcing health standards, and advising the Governor and Legislature on matters relating to the public's health. Anne M. Barry is the commissioner of the department.

Selected Audit Areas and Conclusions

Our audit scope was limited to those areas material to the State of Minnesota's Comprehensive Annual Financial Report for the year ended June 30, 1995 and to the Single Audit objectives. The only area that met this criteria is the Special Supplemental Food Program for Women, Infants, and Children (WIC). The WIC program is designed to provide supplemental food and nutritional education to disadvantaged children and pregnant women. The areas of WIC we audited include: cash management, rebate revenues, expenditures, payroll, and indirect costs. We also verified Single Audit general requirements.

We found that the federal drawdowns, rebate revenues, and grant expenditures are fairly presented on the State of Minnesota's Comprehensive Annual Financial Report for fiscal year 1995.

We found that MDH complied with the applicable general and program specific federal requirements for the WIC program.

Contact the Financial Audit Division for additional information.

296-1235

Department of Health

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Audit Participation

John Asmussen, CPA	Deputy Legislative Auditor
Warren Bartz, CPA	Audit Manager
Renee Redmer, LPA	Audit Manager
Dale Ogren, CPA	Auditor-in-Charge
Kari Irber, CPA	Senior Auditor
Marina Mirman	Auditor

Department of Health

Background

The mission of the Minnesota Department of Health is to protect, maintain, and improve the health of the citizens of Minnesota. The department is organized into two divisions: 1) Health Systems and Special Populations and 2) Health Protection. Some of the activities the department performs to achieve its goals include public health studies and investigations, collecting and analyzing health and vital data, establishing and enforcing health standards, and advising the Governor and Legislature on matters relating to the public's health. As of October 13, 1995, total fiscal year 1995 expenditures and obligations for the department were approximately \$189 million. Anne M. Barry is the commissioner of the department.

Our audit scope focused on 1995 WIC federal drawdowns, rebate revenues, and expenditures. These figures are included in Table 1-1. These financial activities were material to the state's financial statements and to the Single Audit objectives.

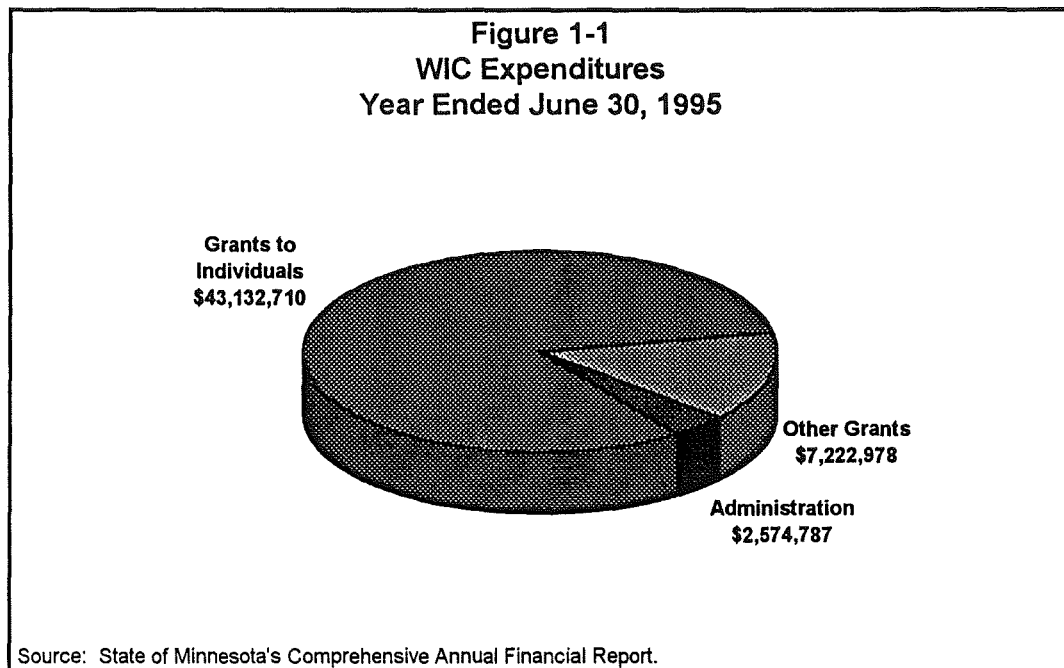
**Table 1-1: Audited Financial Activities
Year Ended June 30, 1995**

<u>Revenues</u>	
WIC federal drawdowns	\$39,726,501
WIC rebates	<u>13,203,974</u>
Total	<u>\$52,930,475</u>
<u>Expenditures</u>	
WIC expenditures	<u>\$52,930,475</u>

Source: State of Minnesota's Comprehensive Annual Financial Report.

Figure 1-1 shows additional financial analysis of the WIC revenues and expenditures. This analysis shows that 96 percent of WIC funds are expended as grants to individuals, cities, and counties.

Department of Health



The primary objective of the Statewide Audit is to render an opinion on the State of Minnesota's financial statements included in its Comprehensive Annual Financial Report for fiscal year 1995. This includes whether the financial statements of the state present fairly its financial position, results of operations, and changes in cash flows in conformity with generally accepted accounting principles. As part of our work, we are required to gain an understanding of the internal control structure and ascertain whether the state complied with laws and regulations that may have a material effect on its financial statements.

The Statewide Audit is designed to also meet the requirements of the Single Audit Act of 1984, relating to federal financial assistance. The Single Audit Act established two additional audit objectives and requires us to determine whether:

- the state complied with rules and regulations that may have a material effect on each major federal program;
- the state has internal accounting and other control systems to provide reasonable assurance that it is managing federal financial assistance programs in compliance with applicable laws and regulations.

To address these objectives, we interviewed key department employees, reviewed applicable policies and procedures, and tested representative samples of financial transactions or performed analytical procedures, as appropriate.

Our work in the Department of Health is completed as part of our audit to express an opinion of the state's fiscal year 1995 financial statements. The Comprehensive Annual Financial Report for the year ended June 30, 1995 includes our report, issued thereon dated December 1, 1995. The Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 1995 will include our reports on the supplementary information schedule, internal control structure, and compliance with laws and regulations. We anticipate issuing this report in June 1996.