

County of  
Monroe,  
Michigan



Year Ended  
December 31,  
2017

Single Audit Act  
Compliance

# COUNTY OF MONROE, MICHIGAN

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INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE

June 12, 2018

To the Board of Commissioners  
of Monroe County  
Monroe, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *County of Monroe, Michigan* (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 12, 2018, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Robson LLC*

COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	58-000-8001	\$ 14,280
National School Lunch Program	10.555	MDE	58-000-8001	22,212
National School Lunch Program - Snack	10.555	MDE	58-000-8001	5,933
				<u>42,425</u>
Women, Infants and Children:				
Resident Services:				
2016/2017	10.557	MDHHS	20170266	377,763
2017/2018	10.557	MDHHS	20180086	127,364
WIC Breastfeeding Peer Counselor:				
2016/2017	10.557	MDHHS	20170266	29,657
2017/2018	10.557	MDHHS	20180086	6,097
				<u>540,881</u>
SNAP Cluster -				
State Admin Matching Grants for Food Stamp Program:				
2016/2017	10.561	MSF/SMCA	09-02-0004	123,063
2017/2018	10.561	MSF/SMCA	09-02-0004	(5,194)
				<u>117,869</u>
<b>Total U.S. Department of Agriculture</b>				<u>701,175</u>
<b>U.S. Department of Justice</b>				
Operation Safe Monroe County	16.738	Direct	2016-DJ-BX-0665	<u>10,331</u>
<b>U.S. Department of Labor</b>				
Employment Service Cluster:				
Employment Service:				
2016/2017	17.207	MSF/SMCA	13-02-0004	134,955
2017/2018	17.207	MSF/SMCA	13-02-0004	23,050
Employment Service TAA/NAFTA:				
2016/2017	17.207	MSF/SMCA	13-02-0004	1,512
2017/2018	17.207	MSF/SMCA	13-02-0004	(331)
				<u>159,186</u>
RESA -				
2016/2017	17.207	MSF/SMCA	13-02-0004	<u>17,987</u>
<b>Total Employment Service Cluster</b>				<u>177,173</u>
Trade Case Management:				
2016/2017	17.245	MSF/SMCA	13-02-0004	(32,964)
2017/2018	17.245	MSF/SMCA	13-02-0004	46,359
				<u>13,395</u>

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COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Labor (concluded)				
WIOA Cluster:				
WIOA Adult Program:				
2016/2017	17.258	MSF/SMCA	13-02-0004	\$ 73,919
2017/2018	17.258	MSF/SMCA	13-02-0004	116,958
				<u>190,877</u>
WIOA Dislocated Worker Program:				
2016/2017	17.278	MSF/SMCA	13-02-0004	256,788
2017/2018	17.278	MSF/SMCA	13-02-0004	35,383
				<u>292,171</u>
Total WIOA Cluster				<u>483,048</u>
Total U.S. Department of Labor				<u>673,616</u>
U.S. Department of Transportation				
Highway Safety Cluster -				
Safe Communities Grant	20.600	MOHSP	PT-17-26	60,730
Safe Communities Grant	20.600	MOHSP	PT-18-15	13,956
Total U.S. Department of Transportation				<u>74,686</u>
U.S. Environmental Protection Agency				
Water Quality Management Planning	66.454	MDEQ	N/A	<u>24,038</u>
Beach Monitoring	66.472	MDEQ	N/A	<u>5,000</u>
Drinking Water State Revolving Fund Cluster -				
Non-Community-Water Supply	66.468	MDEQ	N/A	1,228
Non-Community-Capacity Development	66.468	MDEQ	N/A	200
				<u>1,428</u>
Total U.S. Environmental Protection Agency				<u>30,466</u>
U.S. Department of Health and Human Services				
Child Support Enforcement:				
Title IV Incentive Payments	93.563	MDHHS	N/A	248,344
Friend of the Court/Prosecutor Combined:				
2015/2016	93.563	MDHHS	CSCOM13-58003	1,019,097
2016/2017	93.563	MDHHS	CSCOM17-58003	362,154
				<u>1,629,595</u>
Temporary Assistance for Needy Families Cluster:				
PATH Program:				
2016/2017	93.558	MSF/SMCA	09-02-0004	254,625
2017/2018	93.558	MSF/SMCA	09-02-0004	87,090
PATH C/O	93.558	MSF/SEMCA	09-02-0004	14,251
FIA -				
2016/2017	93.558	MSF/SMCA	09-02-0004	3,020
Total Temporary Assistance for Needy Families Cluster:				<u>358,986</u>
Medical Reserve Corp Small Grant Program	93.008	R2	N/A	<u>15,000</u>

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COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Cooperative Agreements for Tuberculosis Control Program:				
2016/2017	93.116	MDHHS	20170266	\$ 76
2017/2018	93.116	MDHHS	20180086	24
				<u>100</u>
Center for Disease Control & Prevention:				
Bioterrorism:				
2016/2017	93.069	MDHHS	20170266	121,174
2017/2018	93.069	MDHHS	20180086	25,666
Ebola -				
2016/2017	93.069	MDHHS	20170266	2,849
				<u>149,689</u>
Family Planning Services:				
2016/2017	93.217	MDHHS	20170266	41,990
2017/2018	93.217	MDHHS	20180086	10,035
				<u>52,025</u>
Federally Supplied Vaccines	93.268	MDHHS	N/A	188,190
VFC AFIX & Nurse Training:				
2016/2017	93.268	MDHHS	20170266	2,650
2017/2018	93.268	MDHHS	20180086	2,200
Immunization Assessment:				
2016/2017	93.268	MDHHS	20170266	18,210
2017/2018	93.268	MDHHS	20180266	6,088
				<u>217,338</u>
Immunization Action Plan:				
2016/2017	93.539	MDHHS	20170266	31,007
2017/2018	93.539	MDHHS	20180086	10,367
				<u>41,374</u>
Zika:				
Community Support -				
2016/2017	93.323	MDHHS	20170266	10,000
Surveillance -				
2016/2017	93.323	MDHHS	20170266	10,000
				<u>20,000</u>
Medicaid Cluster:				
CSHCS Outreach:				
2016/2017	93.778	MDHHS	20170266	25,860
2017/2018	93.778	MDHHS	20180086	10,388
Medicaid Outreach:				
2016/2017	93.778	MDHHS	20170266	65,188
2017/2018	93.778	MDHHS	20180086	15,091
CSHCS Care Coordination:				
2016/2017	93.778	MDHHS	20170266	4,265
2017/2018	93.778	MDHHS	20180086	840
CSHCS Blood Lead -				
2016/2017	93.778	MDHHS	20170266	524
CSHCS Medicaid Outreach -				
2016/2017	93.778	MDHHS	20170266	8,609
NACCHO -				
2016/2017	93.778	MDHHS	20161700	13,000
Total Medicaid Cluster				<u>143,765</u>

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COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
NAPSAAC:				
2016/2017	93.945	MDHHS	20170266	\$ 7,500
2017/2018	93.945	MDHHS	20180086	2,500
				<u>10,000</u>
Local Maternal and Child Health:				
Enabling Services Women & Children 2016/2017	93.994	MDHHS	20170266	54,031
Enabling Services Women & Children 2017/2018	93.994	MDHHS	20180086	18,066
Family Planning Services 2016/2017	93.994	MDHHS	20170266	10,816
Family Planning Services 2017/2018	93.994	MDHHS	20180086	2,585
Infant Safe Sleep 2016/2017	93.994	MDHHS	20170266	13,934
Infant Safe Sleep 2017/2018	93.994	MDHHS	20180086	1,600
Public Health Functions - MCH	93.994	MDHHS	20161700	15,000
CSHCS Care Coordination - 2016/2017	93.994	MDHHS	20170266	7,540
CSHCS Care Coordination - 2017/2018	93.994	MDHHS	20180086	1,500
				<u>125,072</u>
Total U.S. Department of Health and Human Services				<u>2,762,944</u>
U.S. Department of Homeland Security				
Boating Safety Financial Assistance	97.012	MDNR	N/A	<u>18,000</u>
Performance	97.042	MDHHS	2015-EP-00029-S01	<u>34,069</u>
State Domestic Preparedness Equipment Support Program:				
Homeland Security Grant Program - 2015 Operation Stonegarden	97.067	MSP	2015-SS-00033	62,079
2015 Homeland Security Grant UASI Region	97.067	MSP, MC	2015-SS-00033	183,038
2016 Homeland Security Grant UASI Region	97.067	MSP, MC	2016-SS-00033	116,026
				<u>361,143</u>
Total U.S. Department of Homeland Security				<u>413,212</u>
Total Expenditures of Federal Awards				<u>\$ 4,666,430</u>
				concluded

See notes to schedule of expenditures of federal awards.

# COUNTY OF MONROE, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Monroe County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's basic financial statements. The County's financial statements include the operations of the Monroe County Road Commission and Monroe County Community Mental Health Authority discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2017, as these entities were separately audited.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

The County does not have any subrecipients and, hence, there is no subrecipient column reported on the SEFA.

### 3. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entity identifying numbers are presented where available. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MC	Macomb County
MDHHS	Michigan Department of Health and Human Services
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDNR	Michigan Department of Natural Resources
MOHSP	Michigan Office of Highway Safety Planning

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# COUNTY OF MONROE, MICHIGAN

## ■ Notes to Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
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MSP	Michigan State Police
MSF	Michigan Strategic Fund
R2	Region 2 Area Agency on Aging
SMCA	Southeast Michigan Community Alliance

concluded

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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*

June 12, 2018

To the Board of Commissioners  
of Monroe County  
Monroe, Michigan

We have audited, in accordance with the 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *County of Monroe, Michigan* (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 12, 2018. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Road Commission, Monroe County Community Mental Health Authority, Monroe County Library System and Monroe County Employees' Retirement System, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2017-001 and 2017-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County’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*.

**Monroe County’s Response to Findings**

The County’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 the effectiveness of the County’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 12, 2018

To the Board of Commissioners  
of Monroe County  
Monroe, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of *County of Monroe, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements also include the operations of the Monroe County Community Mental Health Authority and the Monroe County Road Commission, which received certain federal awards that are not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. Our audit, described below, did not include the operations of the Monroe County Community Mental Health Authority or the Monroe County Road Commission because they arranged for a separate financial statement audit and did not meet the criteria for a single audit in accordance with the Uniform Guidance.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the County'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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 County'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 County's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the County 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 December 31, 2017.

#### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to this matter.

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

#### Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 County's internal control over compliance.

*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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a significant deficiency.

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

*Purpose of this Report*

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive style with a large, prominent 'R' at the beginning.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   no

Significant deficiency(ies) identified?   yes  X  no

Noncompliance material to financial statements noted?   yes  X  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?   yes  X  no

Significant deficiency(ies) identified?  X  yes   none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  X  yes   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Food Program for Women, Infants and Children (WIC)
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?   yes  X  no



# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2017-001 - Drain Commission Accounting Records (repeat)

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** Drain Commission management is responsible for maintaining its subsidiary accounting records and reconciling those records to the County's general ledger.

**Condition.** The County provided a subsidiary transaction detail from the Drain Commission's accounting system that is separate from the general ledger kept for the County as whole. The provided detail does not agree to the County's general ledger (control accounts) and there was no reconciliation available to determine the difference.

**Cause.** The Drain Commission does not have a procedure to reconcile the complete subsidiary transaction detail to the general ledger control accounts at the County for the Drain Commission accounts. Additionally, it appears that the Drain Commission was not posting all transactions to its records on a timely basis.

**Effect.** As a result of the condition, the County is exposed to an increased risk that misstatements, whether through error or fraud, may occur and not be prevented, or detected and corrected, on a timely basis. Transactions could have occurred that are not reflected in the County's general ledger.

**Recommendation.** We recommend the County implement procedures to ensure that all Drain Commission transactions are posted in a timely manner and that all accounts are reconciled to the general ledger.

**View of Responsible Officials.** The Drain Commissioner will engage an independent public audit firm to assist in developing reconciliation procedures.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

#### 2017-002 - Preparation of the Schedule of Expenditures of Federal Awards and Grant Accounting

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. The Uniform Guidance requires that the County “identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the federal agency, and name of the pass-through entity.” In addition, the County is required to “prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with the Uniform Guidance.”

Condition. While management was able to provide a mostly complete schedule of expenditures of federal awards (SEFA) at the beginning of audit fieldwork, an adjustment to properly report the Water Quality Management Planning grant was ultimately required resulting in changes to the total federal awards expended. Additionally, the SEFA provided did not include several grant award numbers, Catalog of Federal Domestic Assistance (CFDA) numbers, grant names and necessitated multiple adjustments to agree the SEFA to the County's accounting records.

Cause. The County administers a wide array of federal and state grants through its many departments. The function of grant administration is highly decentralized and the finance department was not informed that the Water Quality Management grant was federally funded in a timely manner. For other grants, the County did not have the required grant award numbers, CFDA numbers and grant names available when compiling the SEFA. Additionally, the County does not have controls to verify the SEFA agrees with the County's accounting records.

Effect. The County's SEFA preparation process did not detect variances in the originally reported federal expenditures, resulting in the amount of federal expenditures changing throughout the audit. Extra audit work was also required to properly identify grant award numbers, CFDA numbers and grant names.

Recommendation. The County should evaluate its processes to ensure that all federal programs, and the required information related to those programs, are appropriately included on the SEFA. In addition, grant tie outs should be done to verify that expenditures, revenues and the related receivables for grants are properly recorded.

View of Responsible Officials. Grant tie out procedures will be updated to make the process more efficient and to ensure that all required information is included on the SEFA.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2017

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2017-003 - Other Compliance Requirements - Drain Commission Grants

Finding Type. Immaterial Noncompliance; Significant Deficiency in Internal Controls over Compliance.

Program. Wetland Mitigation Bank Grant and Clean Water Act Grant (CFDA# 66.454); U.S. Environmental Protection Agency; Passed-through the Michigan Department of Environmental Quality.

Criteria. Drain Commission management is responsible for ensuring that all grants being administered in its office comply with County, State and Federal procedures and regulations.

Condition. The Drain Commission did not comply with County grant approval procedures, State contract requirements and Federal guidelines related to its Wetland Mitigation Bank Grant and Clean Water Act Grant (CFDA# 66.454).

Cause. The Drain Commission does not have a procedure to obtain grant approval from the Board of Commissioners and does not have a control structure in place to comply with state and federal grant requirements.

Effect. As a result of the condition, the following procedure violations and grant noncompliance were noted:

- The Drain Commission did not obtain Board of Commissioner approval before entering into the two grants identified above.
- \$24,038 of federal grant expenditures were initially excluded from the SEFA.
- 2 CFR 200.302 requires expenditures to be properly separated and identifiable on the County's books. We noted both grants were recorded together in the same drain fund in violation of the Uniform Guidance.
- Accruals for both revenue and expense were required on the County's books to properly reflect grant activity in the correct period.

Recommendation. We recommend the County implement procedures to ensure that all Drain Commission grants follow County, state and federal procedures.

View of Responsible Officials. The County has reviewed the required grant procedures with the Drain Commissioner. The County's required grant procedures are available and published on the County's intranet. Due to the Drain Commissioner being unaware of the procedures, the County will periodically remind all department heads/elected officials/judges of these procedures.

## COUNTY OF MONROE, MICHIGAN

### Summary Schedule of Prior Year Audit Findings

For the Year Ended December 31, 2017

#### Finding 2016-001 - Material Audit Adjustments

A certain material audit adjustment was identified and proposed (which was approved and posted) to adjust the County's general ledger to the appropriate balances. This finding has been adequately resolved.

#### Finding 2016-002 - Drain Commission Accounting Records

The County provided a detail from the Drain Commission's accounting system that is separate from the general ledger kept for the County as a whole. This detail did not agree to the County's general ledger and there was no reconciliation available to determine the difference. Corrective action was not sufficient. This finding has been repeated as item 2017-001.

#### Finding 2016-003 - County Agency Accounting Records

Material adjustments (which were approved and posted by management) were required to adjust the County Agency's general ledger to the appropriate balances. This finding has been adequately resolved.

#### Finding 2016-004 - Documentation and Support for Journal Entries

Supporting documentation was not created by the Treasurer's Office for a tax transfer entry that was requested as part of the audit. In addition, given that there was no support for it, an independent person could not have sufficiently reviewed and approved it. This finding has been adequately resolved.





**MONROE COUNTY**

**FINANCE DEPARTMENT**

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**Monroe County  
 Corrective Action Plan  
 2 CFR § 200.511(c)  
 December 31, 2017**

**Financial Statement Findings**

<b>Finding Number</b>	<b>Type</b>	<b>Condition Per Auditor</b>	<b>Questioned Costs</b>	<b>Management Response</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	Material Weakness in Internal Control over Financial Reporting	The County provided a detail from the Drain Commission's accounting system that is separate from the general ledger kept for the County as whole. We were unable to provide detail that agreed to the County's general ledger and there was no reconciliation available to determine the difference.	N/A	Agreed	<i>The Drain Commissioner will engage an independent public audit firm to assist in developing reconciliation procedures.</i>	12/31/18	Drain Commissioner
2017-002	Material Weakness in Internal Control over Financial Reporting	While management was able to provide a mostly complete schedule of expenditures of federal awards (SEFA) at the beginning of audit fieldwork, an adjustment to properly report the Water Quality Management Planning grant was ultimately required resulting in changes to the total federal awards expended. Additionally, the SEFA provided did not include several grant award numbers, Catalog of Federal Domestic	N/A	Agreed	<i>Grant tie out procedures will be updated to make the process more efficient and to ensure that all required information is included on the SEFA.</i>	12/31/18	Director of Fiscal Services

		Assistance (CFDA) numbers, grant names and necessitated multiple adjustments to agree the SEFA to the County's accounting records.					
2017-003	Immaterial Noncompliance; Significant Deficiency in Internal Controls over Compliance	The Drain Commission did not comply with County grant approval procedures, State contract requirements and Federal guidelines related to its Wetland Mitigation Bank Grant and Clean Water Act Grant (CFDA# 66.454).	N/A	Agreed	<i>The County has reviewed the required grant procedures with the Drain Commissioner. The County's required grant procedures are available and published on the County's intranet. Due to the Drain Commissioner being unaware of the procedures, the County will periodically remind all department heads/elected officials/judges of these procedures.</i>	6/11/18	<i>Drain Commissioner</i>