

County of
Monroe,
Michigan



Year Ended
December 31,
2018

Single Audit Act
Compliance

COUNTY OF MONROE, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	6
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 <i>Government Auditing Standards</i>	8
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	10
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Year Audit Findings	16
Corrective Action Plan	17



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

June 12, 2019

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 the *County of Monroe, Michigan* (the "County") as of and for the year ended December 31, 2018, 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, 2019, 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 expenditures 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, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S Department of Agriculture				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	58-000-8001	\$ 13,683
National School Lunch Program	10.555	MDE	58-000-8001	21,391
National School Lunch Program - Snack	10.555	MDE	58-000-8001	5,674
				<u>40,748</u>
Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC"):				
WIC:				
2017/2018	10.557	MDHHS	20170266	410,374
2018/2019	10.557	MDHHS	20180086	137,002
WIC Breastfeeding Peer Counselor:				
2017/2018	10.557	MDHHS	20170266	24,735
2018/2019	10.557	MDHHS	20180086	6,069
				<u>578,180</u>
SNAP Cluster -				
State Admin Matching Grants for SNAP:				
2017/2018	10.561	MSF/SEMCA	09-02-0004	59,818
2018/2019	10.561	MSF/SEMCA	09-02-0004	23,190
				<u>83,008</u>
Total U.S. Department of Agriculture				<u>701,936</u>
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program:				
Operation Safe Monroe County	16.738	Direct	2017-DJ-BX-0386	2,249
Justice Assistance Grant-MANTIS	16.738	MSP	72458-MANTIS-2019	17,144
Total U.S. Department of Justice				<u>19,393</u>
U.S. Department of Labor				
Employment Service Cluster:				
Employment Service:				
2017/2018	17.207	MSF/SEMCA	13-02-0004	87,229
2018/2019	17.207	MSF/SEMCA	13-02-0004	97,256
Employment Service TAA/NAFTA -				
2017/2018	17.207	MSF/SEMCA	13-02-0004	1,415
Total Employment Service Cluster				<u>185,900</u>
Trade Adjustment Assistance -				
2017/2018	17.245	MSF/SEMCA	13-02-0004	22,714
WIOA Cluster:				
WIA Adult Program:				
2017/2018	17.258	MSF/SEMCA	13-02-0004	106,619
2018/2019	17.258	MSF/SEMCA	13-02-0004	95,146
				<u>201,765</u>
RESA:				
2017/2018	17.258	MSF/SEMCA	13-02-0004	5,533
2018/2019	17.258	MSF/SEMCA	13-02-0004	3,733
				<u>9,266</u>

continued...

COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Labor (concluded)				
WIA Dislocated Worker Formula Grants:				
2017/2018	17.278	MSF/SEMCA	13-02-0004	\$ 155,903
2018/2019	17.278	MSF/SEMCA	13-02-0004	137,699
				<u>293,602</u>
Total WIOA Cluster				<u>504,633</u>
Catalyst:				
2017/2018	17.268	MSF/SEMCA	13-02-0004	11,076
2018/2019	17.268	MSF/SEMCA	13-02-0004	3,547
				<u>14,623</u>
DTW National Emergency - 2017/2018	17.277	MSF/SEMCA	13-02-0004	<u>9,105</u>
Total U.S Department of Labor				<u>736,975</u>
U.S. Department of Transportation				
Highway Safety Cluster:				
Safe Communities Grant	20.600	MOHSP	PT-18-15	47,837
Safe Communities Grant	20.600	MOHSP	PT-19-06	<u>11,486</u>
Total U.S. Department of Transportation				<u>59,323</u>
U.S. Environmental Protection Agency				
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	1,704
Non-Community-Capacity Development	66.468	MDEQ	N/A	400
Non-Community-Operator Assistance	66.468	MDEQ	N/A	<u>2,422</u>
				<u>4,526</u>
Total U.S. Environmental Protection Agency				<u>9,526</u>
U.S. Department of Health and Human Services				
Center for Disease Control & Prevention - Bioterrorism:				
2017/2018	93.069	MDHHS	20170266	99,209
2018/2019	93.069	MDHHS	20180086	26,489
				<u>125,698</u>
Cooperative Agreements for Tuberculosis Control Program:				
2017/2018	93.116	MDHHS	20170266	76
2018/2019	93.116	MDHHS	20180086	24
				<u>100</u>
Family Planning Services:				
2017/2018	93.217	MDHHS	20170266	80,676
2018/2019	93.217	MDHHS	20180086	20,555
				<u>101,231</u>

continued...

COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Immunization Cooperative Agreements:				
VFC AFIX & Nurse Training:				
2017/2018	93.268	MDHHS	20170266	\$ 4,300
2018/2019	93.268	MDHHS	20180086	1,100
				<u>5,400</u>
Federally Supplied Vaccines	93.268	MDHHS	N/A	<u>338,799</u>
Immunization Assessment:				
2017/2018	93.268	MDHHS	20170266	8,887
2018/2019	93.268	MDHHS	20180266	4,837
				<u>13,724</u>
Total Immunization Cooperative Agreements				<u>357,923</u>
Immunization Action Plan:				
2017/2018	93.539	MDHHS	20170266	40,483
2018/2019	93.539	MDHHS	20180086	22,033
				<u>62,516</u>
Child Support Enforcement:				
Title IV Incentive Payments	93.563	MDHHS	N/A	240,496
Friend of the Court/Prosecutor Combined:				
2017/2018	93.563	MDHHS	CSCOM17-58003	1,020,989
2018/2019	93.563	MDHHS	CSCOM17-58003	354,967
				<u>1,616,452</u>
Temporary Assistance for Needy Families Cluster:				
PATH Program:				
2017/2018	93.558	MSF/SEMCA	09-02-0004	197,374
2018/2019	93.558	MSF/SEMCA	09-02-0004	99,525
Supportive Services -				
2017/2018	93.558	MSF/SEMCA	09-02-0004	5,000
Total Temporary Assistance for Needy Families Cluster				<u>301,899</u>
Medicaid Cluster:				
Medical Assistance Program:				
CSHCS Care Coordination :				
2017/2018	93.778	MDHHS	20170266	4,510
2018/2019	93.778	MDHHS	20180086	645
2017/2018	93.778	MDHHS	20170266	6,954
CSHCS Outreach:				
2017/2018	93.778	MDHHS	20170266	29,613
2018/2019	93.778	MDHHS	20180086	9,911
Medicaid Outreach:				
2017/2018	93.778	MDHHS	20170266	53,376
2018/2019	93.778	MDHHS	20180086	13,867
Total Medicaid Cluster				<u>118,876</u>

continued...

COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
Maternal and Child Health Services Block Grant to the States:				
CSHCS Care Coordination :				
2017/2018	93.994	MDHHS	20170266	\$ 6,810
2018/2019	93.994	MDHHS	20180086	2,310
				<u>9,120</u>
MCH:				
2017/2018	93.994	MDHHS	20170266	44,427
2018/2019	93.994	MDHHS	20180086	14,527
				<u>58,954</u>
Local Maternal and Child Health:				
Family Planning Services 2017/2018	93.994	MDHHS	20170266	15,908
Family Planning Services 2018/2019	93.994	MDHHS	20180086	4,053
				<u>19,961</u>
Total Maternal and Child Health Services Block Grant to the States				<u>88,035</u>
Total U.S. Department of Health and Human Services				<u>2,772,730</u>
U.S Department of Homeland Security				
Boating Safety Financial Assistance	97.012	MDNR	20170266	<u>17,000</u>
Performance	97.042	MSP	2015-EP-00029-S01	<u>35,581</u>
Homeland Security Grant Program:				
Homeland Security Grant Program - 2015 Operation Stonegarden	97.067	MSP	2015-SS-00033	15,159
Homeland Security Grant Program - 2016 Operation Stonegarden	97.067	MSP	2016-SS-00010	38,609
2015 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2015-SS-00033	87,722
2016 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2016-SS-00010-S01	217,869
2017 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2017-SS-00013	98,975
				<u>458,334</u>
Total U.S. Department of Homeland Security				<u>510,915</u>
Total Expenditures of Federal Awards				<u>\$ 4,810,798</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, 2018. 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, 2018, 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 indirect 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

continued...

COUNTY OF MONROE, MICHIGAN

■ Notes to Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
MSP	Michigan State Police
MSF	Michigan Strategic Fund
SEMCA	Southeast Michigan Community Alliance

concluded



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, 2019

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 the *County of Monroe, Michigan* (the "County"), as of and for the year ended December 31, 2018, 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, 2019. 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.

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 certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

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*.

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.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

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

June 12, 2019

To the Board of Commissioners
of Monroe County
Monroe, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *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, 2018. 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, 2018. 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, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

The image shows a handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

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? X yes 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? yes X 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)? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258 and 17.278 93.563	Workforce Investment Act Cluster 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, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 - 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, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

2018-002 - Sheriff's Inmate Money Payables and Bond and Restitution Payables

Finding Type. Significant Deficiency in Internal Control over Financial Reporting.

Criteria. The County uses an agency fund to account for court bonds and restitution and sheriff's inmate money held on behalf of outside parties. Accordingly, the County is required to keep accurate subsidiary records of the amounts held in these liability accounts. These accounts should be analyzed and reconciled on a regular basis (e.g. monthly or quarterly).

Condition. We requested detail for the sheriff's inmate money payable and the bonds and restitution payable accounts in the County's agency fund. The County was able to provide current year reconciliations to the general ledger for the changes in these accounts, however, they were unable to provide a detail of what comprises the ending balance.

Cause. The County does not have a policy to reconcile a complete subsidiary detail to the general ledger.

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. Balances in agency funds are particularly sensitive as this fund type, by its nature, is not subject to the normal budgetary oversight found in other funds. Accordingly, it is especially important that these funds be reconciled regularly to a complete detail. While the related cash balances were reconciled, this only verifies the amounts actually on hand, not the balances that should be on hand.

Recommendation. We recommend the County implement procedures to ensure that a detail is maintained to support the balances being reported and that all accounts are reconciled to the general ledger.

View of Responsible Officials. Management is working with staff to obtain detail of amounts owed.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

■ ■ ■ ■ ■

COUNTY OF MONROE, MICHIGAN

Summary Schedule of Prior Year Audit Findings

For the Year Ended December 31, 2018

Finding 2017-001 - 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 2018-001.

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

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. This finding has been adequately resolved.

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

The Drain Commission did not comply with County grant approval procedures, State of Michigan contract requirements and Federal guidelines related to its Wetland Mitigation Bank Grant and Clean Water Act Grant (CFDA# 66.454). This finding has been adequately resolved.





MONROE COUNTY

FINANCE DEPARTMENT

125 East Second Street · Monroe, Michigan 48161-2110
 Telephone: (734) 240-7250 · Fax (734) 240-7266

**Monroe County
 Corrective Action Plan
 2 CFR § 200.511(c)
 December 31, 2018**

Financial Statement Findings

Finding Number	Type	Condition Per Auditor	Questioned Costs	Management Response	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	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	<i>Agreed</i>	<i>The Drain Commissioner will engage an independent public audit firm to assist in developing reconciliation procedures.</i>	12/31/20	<i>Drain Commissioner</i>
2018-002	Significant Deficiency in Internal Control over Financial Reporting.	The detail was for the sheriff's inmate money payable and the bonds and restitution payable accounts in the County's agency fund. The County was able to provide current year reconciliations to the general ledger for the changes in these accounts, however, they were unable to provide a detail of what comprises the ending balance.	N/A	<i>Agreed</i>	<i>Management is working with staff to obtain detail of amounts owed.</i>	12/31/19	<i>County Clerk-Bonds & Restitution/Sheriff-Inmate Payable</i>