

County of
Monroe,
Michigan



Year Ended
December 31,
2019

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**

August 24, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 24, 2020, 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.



COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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	\$ 9,047
National School Lunch Program	10.555	MDE	58-000-8001	14,057
National School Lunch Program - Snack	10.555	MDE	58-000-8001	3,813
				<u>26,917</u>
Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC"):				
WIC:				
2018/2019	10.557	MDHHS	20180266	400,736
2019/2020	10.557	MDHHS	20190086	179,800
WIC Breastfeeding Peer Counselor:				
2018/2019	10.557	MDHHS	20180266	21,325
2019/2020	10.557	MDHHS	20190086	731
				<u>602,592</u>
SNAP Cluster -				
State Admin Matching Grants for SNAP:				
2018/2019	10.561	MSF/SEMCA	09-02-0004	96,072
2019/2020	10.561	MSF/SEMCA	09-02-0004	24,066
				<u>120,138</u>
Total U.S. Department of Agriculture				<u>749,647</u>
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program:				
Operation Safe Monroe County	16.738	Direct	2017-DJ-BX-0386	4,402
Justice Assistance Grant-MANTIS	16.738	MSP	72458-MANTIS-2019	54,416
Justice Assistance Grant-MANTIS	16.738	MSP	72458-MANTIS-2020	18,882
Total U.S. Department of Justice				<u>77,700</u>
U.S. Department of Labor				
Employment Service Cluster:				
Employment Service:				
2018/2019	17.207	MSF/SEMCA	13-02-0004	141,360
2019/2020	17.207	MSF/SEMCA	13-02-0004	104,329
Wagner-Peyser Infrastructure -				
2019/2020	17.207	MSF/SEMCA	13-02-0004	11,097
Wagner-Peyser E Services -				
2019/2020	17.207	MSF/SEMCA	13-02-0004	1,439
Employment Service TAA/NAFTA -				
2018/2019	17.207	MSF/SEMCA	13-02-0004	145
Total Employment Service Cluster				<u>258,370</u>
WIOA Cluster:				
WIOA Adult Program:				
2018/2019	17.258	MSF/SEMCA	13-02-0004	70,830
2019/2020	17.258	MSF/SEMCA	13-02-0004	64,138
				<u>134,968</u>

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COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Labor (concluded)				
RESA:				
2018/2019	17.258	MSF/SEMCA	13-02-0004	\$ 11,823
2019/2020	17.258	MSF/SEMCA	13-02-0004	4,855
				<u>16,678</u>
WIOA Dislocated Formula Grants:				
2018/2019	17.278	MSF/SEMCA	13-02-0004	128,783
2019/2020	17.278	MSF/SEMCA	13-02-0004	86,663
				<u>215,446</u>
Total WIOA Cluster				<u>367,092</u>
H-1B Job Training Grants:				
2018/2019	17.268	MSF/SEMCA	13-02-0004	10,989
2019/2020	17.268	MSF/SEMCA	13-02-0004	436
				<u>11,425</u>
WIA National Emergency Grants - DTW -				
2018/2019	17.277	MSF/SEMCA	13-02-0004	9,105
Total U.S Department of Labor				<u>645,992</u>
U.S. Department of Transportation				
Highway Planning and Construction Cluster -				
Trail Loop	20.205	MSF/SEMCOG	N/A	<u>6,548</u>
Highway Safety Cluster:				
Community Highway Safety	20.600	MOHSP	PT-19-06	21,544
Community Highway Safety	20.600	MOHSP	PT-20-33	7,889
				<u>29,433</u>
Total U.S. Department of Transportation				<u>35,981</u>
U.S. Environmental Protection Agency				
Beach Monitoring and Notification Program Implementation Grants				
	66.472	MDEQ	N/A	<u>5,000</u>
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds				
Non-Community-Water Supply	66.468	MDEQ	N/A	17,090
Non-Community-Capacity Development	66.468	MDEQ	N/A	400
Non-Community-RTCR	66.468	MDEQ	N/A	1,965
Non-Community-Operator Assistance	66.468	MDEQ	N/A	2,031
				<u>21,486</u>
Total U.S. Environmental Protection Agency				<u>26,486</u>
U.S. Department of Health and Human Services				
Public Health Emergency Preparedness -				
Bioterrorism:				
2018/2019	93.069	MDHHS	20170266	109,723
2019/2020	93.069	MDHHS	20180086	47,415
				<u>157,138</u>
Project Grants and				
Cooperative Agreements for Tuberculosis Control Programs:				
2018/2019	93.116	MDHHS	20170266	76
2019/2020	93.116	MDHHS	20180086	309
				<u>385</u>

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COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Family Planning Services:				
2018/2019	93.217	MDHHS	20170266	\$ 44,111
2019/2020	93.217	MDHHS	20180086	42,174
				<u>86,285</u>
Immunization Cooperative Agreements:				
VFC AFIX & Nurse Training:				
2018/2019	93.268	MDHHS	20180266	3,750
2019/2020	93.268	MDHHS	20190086	800
				<u>4,550</u>
Federally Supplied Vaccines	93.268	MDHHS	N/A	<u>167,713</u>
Immunization Field Rep	93.268	MDHHS	N/A	<u>2,176</u>
Immunization Assessment:				
2018/2019	93.268	MDHHS	20180266	38,784
2019/2020	93.268	MDHHS	20190266	16,245
				<u>55,029</u>
Total Immunization Cooperative Agreements				<u>229,468</u>
Epidemiology and Laboratory Capacity for Infectious Diseases - 2018/2019	93.323	MDHHS	20180266	<u>20,000</u>
TANF Cluster -				
Temporary Assistance for Needy Families:				
PATH Program:				
2018/2019	93.558	MSF/SEMCA	09-02-0004	211,774
2019/2020	93.558	MSF/SEMCA	09-02-0004	65,300
Information -				
2018/2019	93.558	MSF/SEMCA	09-02-0004	26,927
Supportive Services -				
2018/2019	93.558	MSF/SEMCA	09-02-0004	9,400
Total TANF Cluster				<u>313,401</u>
Child Support Enforcement:				
Title IV Incentive Payments	93.563	MDHHS	N/A	234,950
Friend of the Court/Prosecutor Combined:				
2018/2019	93.563	MDHHS	CSCOM17-58003	1,004,858
2019/2020	93.563	MDHHS	CSCOM17-58003	363,207
				<u>1,603,015</u>
Medicaid Cluster -				
Medical Assistance Program:				
CSHCS Care Coordination:				
2018/2019	93.778	MDHHS	20180266	3,095
2019/2020	93.778	MDHHS	20190086	1,031
CSHCS Lead:				
2018/2019	93.778	MDHHS	20180266	1,411
2019/2020	93.778	MDHHS	20190086	202
CSHCS Staffing:				
2018/2019	93.778	MDHHS	20180266	31,410
2019/2020	93.778	MDHHS	20190086	11,491
CSHCS Outreach -				
2018/2019	93.778	MDHHS	20180266	13,296
Medicaid Outreach:				
2018/2019	93.778	MDHHS	20180266	15,674
2019/2020	93.778	MDHHS	20190086	3,312
Total Medicaid Cluster				<u>80,922</u>

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COUNTY OF MONROE, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

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:				
2018/2019	93.994	MDHHS	20180266	\$ 9,300
2019/2020	93.994	MDHHS	20190086	3,330
				<u>12,630</u>
MCH:				
2018/2019	93.994	MDHHS	20180266	47,966
2019/2020	93.994	MDHHS	20190086	18,670
				<u>66,636</u>
Local Maternal and Child Health:				
Family Planning Services 2018/2019	93.994	MDHHS	20180266	18,078
Family Planning Services 2019/2020	93.994	MDHHS	20190086	33,078
				<u>51,156</u>
Total Maternal and Child Health Services Block Grant to the States				<u>130,422</u>
Total U.S. Department of Health and Human Services				<u>2,621,036</u>
U.S. Department of Homeland Security				
Boating Safety Financial Assistance	97.012	MDNR	N/A	<u>14,389</u>
Emergency Management Performance Grants -	97.042	MSP	2015-EP-00029-S01	<u>27,897</u>
Homeland Security Grant Program:				
Homeland Security Grant Program - 2016 Operation Stonegarden	97.067	MSP	2016-SS-00010	8,212
Homeland Security Grant Program - 2017 Operation Stonegarden	97.067	MSP	2017-SS-00013	36,645
2016 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2016-SS-00010	34,894
2017 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2017-SS-00013	219,327
2018 Homeland Security Grant UASI Region	97.067	MSP, MC	EMW-2018-SS-00042	2,278
				<u>301,356</u>
Total U.S. Department of Homeland Security				<u>343,642</u>
Total Expenditures of Federal Awards				<u>\$ 4,500,484</u>
				concluded.

See notes to schedule of expenditures of federal awards.

COUNTY OF MONROE, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Monroe, Michigan (the "County") under programs of the federal government for the year ended December 31, 2019. 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, 2019, as these entities were separately audited.

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. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

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

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
SEMCA	Southeast Michigan Community Alliance
SEMCOG	Southeast Michigan Council of Governments

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***

August 24, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 24, 2020. 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. The financial statements of the Monroe County Library were not audited in accordance with *Government Auditing Standards*.

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 did identify certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-004 to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-002 and 2019-003 to be significant deficiencies.

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 "Lehman Johnson 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

August 24, 2020

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, 2019. 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, 2019. 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, 2019.

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.

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, 2019

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:

CFDA Number

93.563
97.067

Name of Federal Program or Cluster

Child Support Enforcement
Homeland Security Grant Program

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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 - 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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

2019-002 - Restitution Payable (repeat)

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

Criteria. The County uses an agency fund to account for court restitution 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 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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

2019-003 - Employment and Training and Homeland Security Grant Accounting

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

Program. WIOA Cluster (CFDA# 17.258 and 17.278) ; U.S. Department of Labor; Passed through Michigan Strategic Fund and Southeast Michigan Community Alliance; All Award Numbers and Homeland Security Grant Program (CFDA# 97.067); U.S. Department of Homeland Security; Passed through the Michigan State Police; All Award Numbers.

Criteria. Management is responsible for reconciling the general ledger for reimbursement-driven grants as revenues recorded should be equal to the corresponding grant expenditures.

Condition. During our audit, we noted that the County is not reconciling the general ledger to have revenues recorded that are equal to the corresponding grant expenditures. The County has made some progress in its accounting and year-end closeout of certain reimbursement-driven grants (including employment and training and homeland security grants), but further work is needed. That is, for grants of this type, the revenues and expenditures (in the respective funds and/or business units) should zero out (meaning they are equal) and appropriate receivables, deferrals and transfers are recorded as part of the closeout and audit preparation process.

Cause. The County does not have a policy to reconcile the general ledgers for these grants in a timely manner.

Effect. As a result of the condition, the County is recording revenue during the year that are actually for prior year expenditures for these grants.

Recommendation. We recommend the County implement procedures to properly reconcile their grants so revenues recorded equal the corresponding grant expenditures.

View of Responsible Officials. Due to the amount of time it takes to receive reimbursement for UASI grants, sometimes 9 months after year end, it was decided during a prior year audit that we would record revenue in the year that it is received and not reconcile revenue to expenses. Since these grants normally span over three years, we monitor expenditures and revenues in our Finance system to ensure that we do not go over the program allotted budget and to verify that revenue has been collected for the entire grant.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

2019-004 - Review of Data Provided for OPEB Actuarial Valuation

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

Criteria. Management is responsible for the accurate compilation of data necessary for actuarial professionals to process and complete a valuation necessary for the proper reporting of OPEB information in the annual financial statements.

Condition. It was determined, subsequent to initial issuance of the County's comprehensive annual financial report, that the amounts provided to the actuary related to the OPEB investments included amounts that belonged to the Monroe County Road Commission, therefore should have been excluded from the investment amount included in the actuarial valuation for the County, causing the net OPEB liability of the County to be understated.

Cause. During the current fiscal year, the OPEB assets of the Monroe County Road Commission were rolled into the OPEB trust of the County. When the investment information was provided to the actuary, these assets were inadvertently included as assets belonging to the County.

Effect. Once it was determined that the OPEB assets were overstated, a revised actuarial valuation had to be completed and material adjustments were needed to the County's records to reflect the new valuation and calculation of the net OPEB liability and related amounts. This required the CAFR to be re-issued.

Recommendation. Accurate reporting of information is important given its impact on the underlying valuations. We recommend that the County implement a review process to determine that data submitted to the actuary is accurate.

View of Responsible Officials. The County has implemented a review process to verify that data submitted to the actuary is accurate.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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COUNTY OF MONROE, MICHIGAN

Summary Schedule of Prior Year Audit Findings

For the Year Ended December 31, 2019

Finding 2018-001 - 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 2019-001.

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

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). The County corrected the subsidiary records for the court bonds payable and sherriff's inmate money payables; however, the subsidiary records for the restitution payable was not. Corrective action was not sufficient. This finding has been repeated as item 2019-002.





MONROE COUNTY
FINANCE DEPARTMENT

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CORRECTIVE ACTION PLAN

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the County of Monroe, Michigan's Single Audit report for the year ended December 31, 2019, and corrective actions to be completed.

Finding: 2019-001 - Drain Commission Accounting Records (repeat)

Auditor Description of Condition and Effect: 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. 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.

Auditor 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.

Corrective Action: The accounts have been managed for the last 25+ years by 2 custom programs that have not communicated with FASBE or the previous County accounting programs. The last recollection of anyone in the Drain office of when the accounts were balanced with the Finance Department was in the mid 1990's. We aren't sure if past staff even entered the correct account numbers when the accounts were transferred to the current software. The current software is no longer supported by the company who manufactured it. Rehmann was hired to help reconcile the accounts a few years ago and they determined that it would be best to wait until the County moved to a new financial accounting program. The Central Office staff stated that a search for a new program to replace FASBE was ongoing. Rehmann recommended we move the Drain Accounts in house with that program at that time. Based on the recommendation we are awaiting the new program. After much discussion with the Finance department it would seem a new program is still a few years on the horizon. Rehmann recommends meeting and discussing a path forward in the interim. We will be meeting in a few weeks and making a plan with the Central Office, Auditor, and Drain Department.

Responsible Person: Drain Commissioner

Anticipated Completion Date: December 31, 2020

Finding: 2019-002 - Restitution Payable

Auditor Description of Condition and Effect: We requested detail for the restitution payable account 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. 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.

Auditor 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.

Corrective Action: County Clerk staff continues to work to reconcile the Restitution Payable account so that the report balance matches the balance on hand.

Responsible Person: County Clerk

Anticipated Completion Date: December 31, 2020

Finding: 2019-003 - Allowable Costs/Cost Principles (Repeat)

Auditor Description of Condition and Effect: During our audit, we noted that the County is not reconciling the general ledger to have revenues recorded that are equal to the corresponding grant expenditures. The County has made some progress in its accounting and year-end closeout of certain reimbursement-driven grants (including employment and training and homeland security grants), but further work is needed. That is, for grants of this type, the revenues and expenditures (in the respective funds and/or business units) should zero out (meaning they are equal) and appropriate receivables, deferrals and transfers are recorded as part of the closeout and audit preparation process. As a result of the condition, the County is recording revenue during the year that are actually for prior year expenditures for these grants.

Auditor 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.

Corrective Action: The County will record revenues equal to the corresponding grant expenditures for reimbursement-driven grants.

Responsible Person: Director of Fiscal Services

Anticipated Completion Date: December 31, 2020

Finding: 2019-004 - Review of Data Provided for OPEB Actuarial Valuation

Auditor Description of Condition and Effect: It was determined, subsequent to issuance of the County's comprehensive annual financial report, that the amounts provided to the actuary related to the OPEB investments included amounts that belonged to the Monroe County Road Commission, therefore should have been excluded from the investment amount included in the actuarial valuation for the County, causing the net OPEB liability of the County to be understated. Once it was determined that the OPEB assets were overstated, a revised actuarial valuation had to be completed and material adjustments were needed to the County's records to reflect the new valuation and calculation of the net OPEB liability and related amounts.

Auditor Recommendation: Accurate reporting of information is important given its impact on the underlying valuations. We recommend that the County implement a review process to determine that data submitted to the actuary is accurate.

Corrective Action: The County has implemented a review process to verify that data submitted to the actuary is accurate.

Responsible Person: Director of Fiscal Services

Anticipated Completion Date: December 31, 2020