

County of Monroe,  
Michigan



Year Ended  
December 31,  
2013

Single Audit Act  
Compliance

# COUNTY OF MONROE, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

June 19, 2014

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 *Monroe County, Michigan*, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 19, 2014, which contained unmodified opinions on those financial statements. 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 OMB Circular A-133 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.



COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2013

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	\$ 14,076
National School Lunch Program	10.555	MDE	58-000-8001	22,030
National School Lunch Program - Snack	10.555	MDE	58-000-8001	5,775
				<u>41,881</u>
Women, Infants and Children:				
2012/2013	10.557	MDCH	20130425	377,753
2013/2014	10.557	MDCH	20141476	242,934
				<u>620,687</u>
State Admin Matching Grants for Food Stamp Program:				
Jan to Sept 13	10.561	MSF/SMCA	09-02-0004	65,665
Oct to Dec 13	10.561	MSF/SMCA	09-02-0004	9,441
				<u>75,106</u>
Conservation Reserve Program	10.069	FSA	0286	<u>4,908</u>
<b>Total U.S. Department of Agriculture</b>				<u>742,582</u>
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant/State's Program	14.228	MSHDA	MSC-2011-0780-HOA	<u>56,711</u>
<b>U.S. Department of Justice</b>				
State Criminal Alien Assistance Program	16.606	Direct	2010-AP-BX-306	1,554
Operation Safe Monroe County	16.738	Direct	2011-DJ-BX-3044	<u>4,210</u>
<b>Total U.S. Department of Justice</b>				<u>5,764</u>
<b>U.S. Department of Labor</b>				
Employment Service:				
2012/2013	17.207	MSF/SMCA	10-02-0004	82,334
2013/2014	17.207	MSF/SMCA	10-02-0004	47,299
2013/2014	17.207	MSF/SMCA	10-02-0004	53,546
				<u>183,179</u>
Employment Service TAA/NAFTA:				
2012/2013	17.207	MSF/SMCA	09-02-0004	3,757
2013/2014	17.207	MSF/SMCA	09-02-0004	4,921
				<u>8,678</u>
WIA Cluster:				
WIA Adult Program:				
2012/2013	17.258	MSF/SMCA	10-02-0004	129,951
2013/2014	17.258	MSF/SMCA	10-02-0004	74,624
WIA Dislocated Worker Program:				
2012/2013	17.278	MSF/SMCA	10-02-004	197,112
2013/2014	17.278	MSF/SMCA	10-02-004	118,580
<b>Total WIA Cluster</b>				<u>520,267</u>
<b>Total U.S Department of Labor</b>				<u>712,124</u>
<b>U.S. Department of Transportation</b>				
Safe Communities Grant	20.600	MOHSP	PT-13-18	<u>77,821</u>

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COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Environmental Protection Agency</b>				
Performance Partnership Grants:				
Performance Partnership Grants 2012-2013	66.469	MDA	N/A	\$ 3,540
Beach Monitoring	66.472	MDEQ	N/A	10,072
GLRI Great Lakes Back	66.469	MDEQ	N/A	<u>13,197</u>
<b>Total U.S. Environmental Protection Agency</b>				<u>26,809</u>
<b>U.S. Department of Health and Human Services</b>				
Child Support Enforcement:				
Title IV Incentive Payments	93.563	MDHS	N/A	<u>235,334</u>
Friend of the Court/Prosecutor Combined:				
2012/2013	93.563	MDHS	CSCOM 10-58003	1,014,896
2013/2014	93.563	MDHS	CSCOM 10-58003	<u>297,401</u>
				<u>1,312,296</u>
Foster Care Title IV E	93.658	MDHS	PROFC-12-58001	<u>18,211</u>
Temporary Assistance for Needy Families - JET Program:				
Jan to Sept 13	93.558	MSF/SMCA	09-02-0004	409,112
Oct to Dec 13	93.558	MSF/SMCA	09-02-0004	<u>137,353</u>
				<u>546,465</u>
Medical Reserve Corp Small Grant Program	93.008	NACCHO	MRC	11,000
Medical Reserve Corp Small Grant Program	93.008	R2	N/A	<u>5,000</u>
				<u>16,000</u>
Cooperative Agreements for Tuberculosis Control Programs:				
2012/2013	93.116	MDCH	20130425	76
2013/2014	93.116	MDCH	20141476	<u>24</u>
				<u>100</u>
FDA Tobacco Retailer:				
2012/2013	93.058	MDCH	20130425	4,470
2013/2014	93.058	MDCH	20141476	<u>1,093</u>
				<u>5,563</u>
Center for Disease Control & Prevention - Investigations and Technical Assistance:				
2012/2013	93.069	MDCH	20130425	94,216
2013/2014	93.069	MDCH	20141476	<u>31,850</u>
				<u>126,066</u>
Family Planning Services:				
2012/2013	93.217	MDCH	20130425	886
2013/2014	93.217	MDCH	20141476	<u>51,474</u>
				<u>52,360</u>

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COUNTY OF MONROE, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>				
Immunization Cluster:				
Federally Supplied Vaccines	93.268	MDCH	N/A	\$ 144,520
VFC, AFIX and Nurse Training:				
2012/2013	93.268	MDCH	20130425	6,000
2013/2014	93.268	MDCH	20141476	250
Immunization Assessment:				
2012/2013	93.268	MDCH	20130425	50,391
2013/2014	93.268	MDCH	20141476	16,642
Total Immunization Cluster				<u>217,803</u>
CSHCS Staffing Grant				
2012/2013	93.778	MDCH	20130425	28,361
2013/2014	93.778	MDCH	20141476	13,721
				<u>42,082</u>
Medicaid Outreach				
2012/2013	93.778	MDCH	20130425	72,070
2013/2014	93.778	MDCH	20141476	28,411
				<u>100,481</u>
CSHCS Outreach				
2012/2013	93.778	MDCH	20130425	8,238
CSHCS Fixed Fees				
2012/2013	93.994	MDCH	20130425	3,304
2013/2014	93.994	MDCH	20141476	445
				<u>3,749</u>
Local Maternal and Child Health				
2012/2013	93.994	MDCH	20130425	56,023
2013/2014	93.994	MDCH	20141476	16,504
				<u>72,527</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>2,757,275</u>
<b>U.S. Department of Homeland Security</b>				
Boating Safety Financial Assistance	97.012	MDNR	N/A	<u>11,097</u>
Performance	97.042		N/A	<u>61,327</u>
State Domestic Preparedness Equipment Support Program:				
Homeland Security Grant Program - 2010 Citizen Corp Program	97.067	MSP	210-SS-TO-0009	5,164
Homeland Security Grant Program - 2011 Operation Stonegarden	97.067	MSP	210-SS-TO-0009	17,315
2011 Homeland Security Grant UASI Region	97.067	OC	N/A	591,389
2011 Homeland Security Grant UASI Region	97.067	MC	N/A	163,870
2010 Homeland Security Grant UASI Region	97.067	MC	N/A	642,752
				<u>1,420,490</u>
<b>Total U.S. Department of Homeland Security</b>				<u>1,492,914</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 5,872,000</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, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, Monroe County Community Mental Health Authority and Monroe County Agency discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2013, 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 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
FSA	Farm Service Agency
MC	Macomb County
MDA	Michigan Department of Agriculture
MDCH	Michigan Department of Community Health
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHS	Michigan Department of Human Services
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
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
MSF	Michigan Strategic Fund
NACCHO	National Association of City and County Health Officials
OC	Oakland County
R2	Region 2 Area Agency on Aging
SMCA	Southeast Michigan Community Alliance





**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 19, 2014

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 *Monroe County* (the "County"), as of and for the year ended December 31, 2013, 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 19, 2014. 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 Agency, 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 over financial reporting 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 2013-FS-01 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 2013-FS-02 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*.

**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 OMB Circular A-133**

June 19, 2014

To the Board of Commissioners  
of Monroe County  
Monroe, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of *Monroe County* (the "County") with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 include the operations of the Monroe County Agency and the Monroe County Road Commission, which received \$5,884,474 and \$568,351, respectively, in federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2013. Our audit, described below, did not include the operations of the Monroe County Agency or the Monroe County Road Commission because they arranged for separate audits in accordance with A-133.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2013.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-SA-01 and 2013-SA-02. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on them.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-SA-01 and 2013-SA-02, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on them.

*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 OMB Circular A-133. Accordingly, this report 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.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

### 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   none reported

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 Circular A-133, Section 510(a)?  X  yes   no

Identification of major programs:

#### CFDA Number

17.258 and 17.278  
97.067  
93.563  
93.069

#### Name of Federal Program or Cluster

Workforce Investment Act Cluster  
Homeland Security Grant Program  
Child Support Enforcement  
Public Health Emergency Preparedness

Dollar threshold used to distinguish between Type A and Type B programs:  \$ 300,000

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, 2013

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2013-FS-1 - Material Audit Adjustments

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

**Criteria.** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles.

**Condition.** During our audit, we identified and proposed certain material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances.

**Cause.** Internal controls did not detect all adjustments necessary to properly record year-end balances.

**Effect.** As a result of this condition, the following areas were initially misstated:

- Accounts receivable and revenue were both overstated by approximately \$860,000 in the health insurance internal service fund.
- Incurred but not reported expense and the related liability were both understated by approximately \$241,000 in the health insurance internal service fund.
- Property taxes receivable and revenue were both overstated by approximately \$274,000 in the veteran's special revenue fund.

**Recommendation.** Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustments.

**View of Responsible Officials.** Management agrees with the adjustments proposed by its auditors, and they have been posted in the County's records.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2013-FS-2 - 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 held on behalf of outside parties. Accordingly, the County is required to keep accurate subsidiary records of the amounts held in this liability account. This account should be analyzed and reconciled on a regular basis (e.g. monthly or quarterly).

**Condition.** We requested detail for 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 audited.

**View of Responsible Officials.** Management will coordinate with the state to obtain a detail of all amounts owed.



# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

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

#### 2013-SA-1 - Homeland Security Reimbursement Requests

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

**Program:** Homeland Security Grants; U.S Department of Homeland Security; Michigan State Police; Macomb and Oakland Counties; CFDA number 97.067.

**Criteria.** Management is responsible for reconciling reimbursement requests and receipts to the general ledger.

**Condition.** During our audit, we noted that a proper audit trail was not maintained to support the amounts of various reimbursement requests. In addition, cash receipts related to these reimbursement requests were not being reconciled to the actual amounts requested.

**Cause.** This condition was caused by program management not fully understanding the requirement of maintaining proper support for reimbursement requests and ensuring that amounts received agree with the actual amounts that had been requested.

**Effect.** As a result of this condition, we were unable to determine what reimbursement requests corresponded to previous fiscal years and to the various grant agreements for this program.

**Recommendation.** We recommend the County implement procedures to ensure a proper audit trail is maintained for reimbursement requests and that cash receipts are reconciled to the requests to ensure that the revenue being received is recorded in the proper general ledger account.

**View of Responsible Officials.** Management has implemented a process to verify that requests are submitted timely and that revenues and expenses are recorded in the proper accounts.

# COUNTY OF MONROE, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

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

#### 2013-SA-2 - Procurement; Suspension & Debarment - Verification

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

**Program:** Public Health Emergency Preparedness; U.S Department of Health and Human Services; Michigan Department of Community Health; CFDA number 93.069. WIA Cluster; U.S Department of Labor; Michigan Strategic Fund; Southeast Michigan Community Alliance; CFDA numbers 17.258 & 17.278.

**Criteria.** Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000.

**Condition.** The County indicated that they check the SAM.gov website to verify that vendors are not suspended or debarred. However, staff performing this procedure do not retain any documentation to prove the work was performed.

**Cause.** The staff assigned to perform this procedure were not aware that documentation was required to be maintained.

**Effect.** As a result of this condition, two purchase orders were executed without proper verification that the vendor was not suspended or debarred.

**Recommendation.** We recommend that the County implement procedures to identify covered transactions and perform the verification necessary to comply with this requirement.

**View of Responsible Officials.** Management has implemented procedures to identify covered transactions and perform the verification necessary to comply with this requirement.



# COUNTY OF MONROE, MICHIGAN

## Summary Schedule of Prior Year Federal Audit Findings For the Year Ended December 31, 2012

None noted.

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