
Macomb County, Michigan

**Federal Awards Supplemental Information
December 31, 2018**

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Macomb County, 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 Macomb County, 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 24, 2019, 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. We have not performed any procedures with respect to the audited financial statements subsequent to June 24, 2019.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 24, 2019

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*

Independent Auditor's Report

To Management and the Board of Commissioners
Macomb County, Michigan

We have audited, in accordance with 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 Macomb County, 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 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Macomb County, Michigan'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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2018-001 and 2018-002 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 deficiency described in the accompanying schedule of findings and questioned costs as Finding 2018-003 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.

To Management and the Board of Commissioners
Macomb County, Michigan

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2018-004.

The County's Responses to the 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 24, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Macomb County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Macomb County, Michigan's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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 auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "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 the major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the OMB Uniform Guidance, which are described in the accompanying schedule of findings and questioned costs as Findings 2018-006 and 2018-007. 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 and/or corrective action plan. 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.

To the Board of Commissioners
Macomb County, Michigan

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 a combination of deficiencies, in internal control over compliance such that there is 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2018-006 and 2018-007 to be material weaknesses.

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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2018-005 and 2018-008 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 and/or corrective action plan. 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.

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.

Plante & Moran, PLLC

September 24, 2019

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Child Nutrition Cluster - Passed through State Department of Education:				
National School Breakfast	10.553	N/A	\$	36,285
National School Lunch Program [After School Snack]	10.555	N/A		12,724
National School Lunch Program	10.555	N/A		56,974
National School Lunch Program [USDA Commodities]	10.555	N/A		26,791
Total Child Nutrition Cluster				132,774
Food Distribution Cluster - Passed through State Department of Education:				
Emergency Food Assistance Program [Food Distribution]	10.568	N/A		343,327
Emergency Food Assistance Program [Commodities]	10.569	N/A		1,018,220
Total Food Distribution Cluster				1,361,547
Passed through State Department of Education - Child and Adult Care Food Program - Head Start	10.558	N/A		480,671
Passed through State Department of Community Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	182MI003W1003	\$ 252,103	1,863,843
Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding Peer Counselor	10.557	16162MI013W5003, 172MI013W5003 & 182MI003W1003	41,740	163,094
Direct Program - Green Macomb Urban Forest Partnership Implementation	10.675	17-DG-11420004-0027 & 18-DG-11420004-019		119,119
Total U.S. Department of Agriculture				4,121,048
U.S. DEPARTMENT OF COMMERCE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:				
Direct Program - Habitat Conservation [Clinton River Spillway]	11.463	NA14NMF4630364		102,026
U.S. DEPARTMENT OF DEFENSE:				
Direct Program - Community Economic Adjustment Assistance for Reductions in Defense Industry Employment	12.611	HQ00051510029	459,129	803,292
Direct Program - Community Economic Adjustment Assistance for Reductions in Defense Industry Employment	12.611	HQ00051710056	367,142	677,584
Total U.S. Department of Defense				1,480,876

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
CDBG - Entitlement Grants Cluster:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-26-0005		\$ 301,968
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-26-0005		17,076
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-26-0005	\$ 77,557	149,708
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-26-0005	866,591	1,140,903
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-26-0005	192,953	284,322
HUD Grants Passed through Other Than State - Community Development Block Grants/Entitlement Grants [CSA Chore Services]	14.218	N/A		<u>160,801</u>
Total CDBG - Entitlement Grants Cluster				2,054,778
Direct Programs:				
Emergency Solutions Grant	14.231	E-15-UC-26-0005		90,724
Emergency Solutions Grant	14.231	E-16-UC-26-0005		70,488
Emergency Solutions Grant	14.231	E-17-UC-26-0005		140,312
Emergency Solutions Grant	14.231	E-18-UC-26-0005		8,846
HUD Homeless	14.235	MI0442L5F031602		19,710
Home Investment Partnership Program	14.239	M-14-DC-26-0209		71,261
Home Investment Partnership Program	14.239	M-15-DC-26-0209		245,468
Home Investment Partnership Program	14.239	M-16-DC-26-0209		444,266
Home Investment Partnership Program	14.239	M-17-DC-26-0209		<u>15,486</u>
Total U.S. Department of Housing and Urban Development				3,161,339
U.S. DEPARTMENT OF JUSTICE:				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Program	16.738	2015-DJ-BX-0840		22,877
Edward Byrne Memorial Justice Assistance Program	16.738	2016-DJ-BX-0852		<u>12,988</u>
Total Edward Byrne Memorial Justice Assistance Program				35,865
Equitable Sharing Program	16.922	N/A		23,308
Passed through Michigan Department of Community Health - Crime Victim Assistance [Domestic Violence Victim Advocate]	16.575	2015-VA-GX0044		<u>154,648</u>
Total U.S. Department of Justice				213,821

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR:				
Employment Services Cluster - Passed through Workforce Development Agency - State of Michigan - Employment Service/Wagner-Peyser Funded Activities	17.207	ES294191655A26 & ES310291755A26	\$ 796,952	\$ 1,304,897
Workforce Investment Cluster (WIA) - Passed through Workforce Development Agency - State of Michigan:				
WIOA Adult Program [Refugee Navigator]	17.258	AA283231655A26		21,972
WIOA Adult Program [MWA Services Center]	17.258	AA283231655A26 & AA267861555A26		67,393
WIOA Adult Program [Apprenticeship Coord]	17.258	AA283231655A26		3,224
WIOA Adult Program [Local Admin]	17.258	AA283231655A26 & AA308461755A26		263,432
WIOA Adult Program [IFA Veterans]	17.258	AA283231655A26		2,805
WIOA Adult Program [Customer Relationship Management]	17.258	AA283231655A26		1,356
WIOA Adult Program [Capacity Building]	17.258	AA267861555A26		22,650
WIOA Adult Program	17.258	AA2832316655A26 & AA308461755A26	156,848	4,597,024
WIOA Youth Activities [MWA Services Center]	17.259	AA283231655A26 & AA267861555A26		72,897
WIOA Youth Activities [Apprenticeship Coord]	17.259	AA283231655A26		3,557
WIOA Youth Activities [Local Admin]	17.259	AA283231655A26 & AA308461755A26		210,355
WIOA Youth Activities [Customer Relationship Management]	17.259	AA283231655A26		1,497
WIOA Youth Activities [Capacity Building]	17.259	AA267861555A26		24,213
WIOA Youth Activities [IFA Veterans]	17.259	AA283231655A26		3,095
WIOA Youth Activities [Refugee Navigator]	17.259	AA283231655A26		24,245
WIOA Youth Activities	17.259	AA283231655A26 & AA308461755A26	1,458,304	2,355,545
WIOA Dislocated Worker Formula Grants [MWA Services Center]	17.278	AA283231655A26 & AA267861555A26		92,101
WIOA Dislocated Worker Formula Grants [Local Admin]	17.278	AA283231655A26 & AA308461755A26		315,858
WIOA Dislocated Worker Formula Grants [Apprenticeship Coord DW]	17.278	AA283231655A26		4,335
WIOA Dislocated Worker Formula Grants [Customer Relationship Management]	17.278	AA283231655A26		1,824
WIOA Dislocated Worker Formula Grants [Capacity Building]	17.278	AA267861555A26		31,242
WIOA Dislocated Worker Formula Grants [IFA Veterans]	17.278	AA283231655A26		3,773
WIOA Dislocated Worker Formula Grants [Refugee Navigator]	17.278	AA283231655A26		29,548
WIOA Dislocated Worker Formula Grants	17.278	AA267861555A26, AA283231655A26, & AA308461755A26	156,848	1,313,710
Total Workforce Investment Act (WIA) Cluster				9,467,651

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR (CONTINUED):				
Direct Program - H-1B Job Training Grant [America's Promise]	17.268	HG301401760A26	\$ 156,956	\$ 219,987
Passed through Workforce Development Agency - State of Michigan				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants [Sector Partnership]	17.277	EM273571560A26	98,674	98,674
Passed through Workforce Development Agency - State of Michigan:				
Unemployment Insurance [State Admin RESEA 2017]	17.225	UI302241760A26	109,102	109,102
Unemployment Insurance [State Admin RESEA 2018]	17.225	UI31736EZ0	123,884	123,884
Trade Adjustment Assistance [Case Management 2009/2011]	17.245	TA280571655A26		506,312
Trade Adjustment Assistance [2009/2011]	17.245	TA280571655A26		787,139
Apprenticeship USA Grants	17.285	AP293791655A26		4,830
Passed through State Office of Services to the Aging - Senior Community Service Employment Program	17.235	20163660		<u>732,000</u>
Total U.S. Department of Labor				13,354,476
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Safety Cluster - Passed through Office of Highway Safety Planning:				
State and Community Highway Safety [Operation Nightcap - Belt Enforcement]	20.600	PT-18-06	115,007	162,951
Alcohol Impaired Driving Countermeasures Incentive Grants I [Drug Testing]	20.601	AL-18-05		24,600
National Priority Safety Programs - Youth Alcohol Enforcement [OHSP]	20.616	AL-18-28		<u>19,248</u>
Total Highway Safety Cluster				206,799
Highway Planning and Construction Cluster - Passed Through Michigan Department of Transportation - Highway Planning and Construction	20.205	N/A		2,467,118
Passed through Michigan State Police - Emerg Mgmt Div - Interagency Hazardous Materials - Public Sector Training and Planning Grants	20.703	HM-HMP-0558-16-01-00		<u>5,248</u>
Total U.S. Department of Transportation				2,679,165

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Clean Water State Revolving Fund Cluster - Passed through Michigan Department of Environmental Quality (DEQ) - Capitalization Grants for Clean Water State Revolving Funds	66.458	Project #5487-01	\$	6,762
Drinking Water State Revolving Fund Cluster - Passed through Michigan Department of Environmental Quality (DEQ) - Capitalization Grants for Drinking Water State Revolving Funds [Non-Community (Type II) Water Supply Requirements]	66.468	FS975487-14		1,531
Direct Program - Great Lakes Program [Macomb County Habitat Restoration]	66.469	GL00E01488		890,099
Direct Program - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00E01236		1,238
Passed through Michigan Department of Environmental Quality (DEQ) - Beach Monitoring and Notification	66.472	CU-00E99308		<u>5,000</u>
Total U.S. Environmental Protection Agency				904,630
U.S. DEPARTMENT OF ENERGY:				
Passed through Michigan Department of Human Services - Weatherization Assistance for Low-Income Persons	81.042	WAP16-50017 DOE PCA#82594		713,226
U.S. DEPARTMENT OF EDUCATION:				
Passed through Michigan Department of Health and Human Services - Race to the Top	84.412	20153420(18)		93,425

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Aging Cluster - Passed through Area Agency on Aging I-B:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Chore Services]	93.044	18-9032-C		\$ 145,720
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Outreach]	93.044	18-9032-O		112,974
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Home Injury Control]	93.044	18-9032-J		58,999
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Dementia Adult Day Services]	93.044	18-9032-A		111,403
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Medicaid Waiver Payments]	93.044	N/A		24,774
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [ADHS DSP]	93.044	N/A		10,397
Special Programs for the Aging Title III, Part C Nutrition Service [Congregate Nutrition Programs]	93.045	18-9051-CH		389,525
Special Programs for the Aging Title III, Part C Nutrition Service [Home Delivered Meals]	93.045	18-9051-CH		686,150
Nutrition Services Incentive Program [Home Delivered Meals]	93.053	18-9051-CH		323,141
Nutrition Services Incentive Program [Congregate Nutrition Programs]	93.053	18-9051-CH		<u>65,966</u>
Total Aging Cluster				1,929,049
Medicaid Cluster - Passed through State Department of Community Health:				
Medical Assistance Program [CSHCS Care Coordination Title V / XIX (PCA 88080)]	93.778	1805MI5ADM		23,625
Medical Assistance Program [CSHCS Case Management Title V / XIX (PCA 89650)]	93.778	1805M15MAP		3,124
Medical Assistance Program [OBRA Assessment]	93.778	N/A		587,258
Medical Assistance Program [CSHCS-Medicaid Elevated Blood Lead Case Mgmt]	93.778	1805M15MAP		4,032
Medical Assistance Program [Medicaid Outreach]	93.778	1805MI5ADM	\$ 38,543	61,549
Medical Assistance Program [CSHCS Outreach - Advocacy]	93.778	1805MI5ADM		142,500
Medical Assistance Program [CSHCS Medicaid Outreach]	93.778	1805MI5ADM		122,482
Medical Assistance Program [CSHCS Care Coordination Title V / XIX (PCA88050)]	93.778	1805MI5ADM		<u>1,710</u>
Total Medicaid Cluster				946,280

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):				
Temporary Assistance for Needy Families (TANF) Cluster - Passed through Workforce Development Agency - State of Michigan:				
Temporary Assistance for Needy Families [PATH]	93.558	1801MITANF & 1701MITANF	\$ 909,846	\$ 5,392,052
Temporary Assistance for Needy Families [SYEP Supportive Services]	93.558	1701MITANF		<u>5,000</u>
Total Temporary Assistance for Needy Families (TANF) Cluster				5,397,052
Direct Program:				
Head Start [Early Head Start]	93.600	05HP0010-03-00		1,730,375
Head Start	93.600	05CH8330-05-00		7,608,741
Passed through Area Agency on Aging I-B - Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	18-9032-EB		10,700
Passed through State Department of Community Health:				
Public Health Emergency Preparedness - Bioterrorism Program #1590 (9 months)	93.069	NU90TP921906		187,986
Public Health Emergency Preparedness - Cities Readiness Initiative	93.069	NU90TP000528 & NU90TP921906		156,346
Public Health Emergency Preparedness - Bioterrorism Program #1590 (3 months)	93.069	NU90TP921906		49,856
Project Grants and Cooperative Agreements for Tuberculosis Control Programs - Directly Observed Therapy	93.116	NU52PS004693 & U52PS004693		18,465
Projects for Assistance in Transition from Homelessness (PATH) - Contract # E20180129-00 [MITURN]	93.150	N/A	52,385	52,385
Projects for Assistance in Transition from Homelessness (PATH) - Contract # E20180130-00	93.150	N/A		39,833
Family Planning Services - General Services	93.217	FPHPA056287 & FPHPA006340		221,362
Immunization Cooperative Agreements - IAP	93.268	NH23IP000752		61,793
Immunization Cooperative Agreements - AFIX	93.268	NH23IP000752		23,350
Immunization Cooperative Agreements - Adjusted Value of Federal Funded Vaccines	93.268	N/A		1,401,734
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - West Nile Community Surveillance	93.323	NU50CK000369		8,000
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	NH23IP000752		283,863
HIV Prevention Activities Health Department Based	93.940	NU62PS003671 & NU62PS624530		88,872
Block Grants for Community Mental Health Services - Integrated Health Care [Project # E20180192-00]	93.958	B1MICMHS(17)		175,000
Block Grants for Community Mental Health Services - Technology Based Recovery Support Program [PROJECT# 30050-20308]	93.958	B1MICMHS(17)		223,330
Block Grants for Community Mental Health Services - Liberties North/South Drop in Centers	93.958	B1MICMHS(17)		10,000
Block Grants for Community Mental Health Services - Children's Mobile Crisis Stabilization	93.958	E20183013-00		22,187
Block Grants for Community Mental Health Services - Adult Intensive Crisis Stabilization Program	93.958	E20182977-00		46,531

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):				
Passed through State Department of Community Health (Continued):				
Maternal and Child Health Services Block Grant to the States [Other MCH Varied]	93.994	B04MC31495	\$	94,744
Maternal and Child Health Services Block Grant to the States [CSHCS Care Coordination: Title V (PCA88070)]	93.994	B04MC31495		20,200
Maternal and Child Health Services Block Grant to the States [Maternal & Child Health Services]	93.994	B04MC31495		73,910
Maternal and Child Health Services Block Grant to the States [Fetal Infant Mortality Review]	93.994	B04MC31495		4,050
Maternal and Child Health Services Block Grant to the States [CSHCS Care Coordination: Title V Clients (PCA88040)]	93.994	B04MC31495		2,910
Maternal and Child Health Services Block Grant to the States [CSHCS Management Services - Title V (PCA88010)]	93.994	B04MC31495		806
Maternal and Child Health Services Block Grant to the States [Enabling Services - Children]	93.994	B04MC31495		94,744
Passed through Michigan Department of Human Services:				
Community Services Block Grant [Partnership for Success]	93.243	20180035-0	\$ 140,846	146,414
Child Support Enforcement [Coop Reimbursement Program Incentive]	93.563	CSFOC17-50001		1,160,490
Child Support Enforcement [Title IV-D - Prosecuting Attorney]	93.563	CSPA17-50002		1,047,002
Child Support Enforcement [Friend of the Court]	93.563	CSFOC17-50001		5,057,598
Low-Income Home Energy Assistance Program	93.568	WAP16-5007 LIHEAP PCA#32532,32536		334,585
Low-Income Home Energy Assistance Program [LCA Deliverable Fuels]	93.568	LCA16-50017, NFA#4		3,825
Low-Income Home Energy Assistance Program [MCA MEAP]	93.568	G-18B1MILIEA		398,900
Community Services Block Grant [Alcohol/Drug Abuse Mental Health Block Grant]	93.959	20180035-0	2,658,613	3,341,225
Community Services Block Grant [Alcohol/Drug Abuse Mental Health Block Grant - Prevention]	93.959	20180035-0	684,973	902,647
Community Services Block Grant [General Community Programming]	93.569	CSBG14-50017, NFA#16		973,182
Community Services Block Grant [Discretionary EITC]	93.569	CSBG14-50017, NFA#15		40,000
Community Services Block Grant [CAA Administration]	93.569	CSBG14-50017, NFA#16		182,548
Community Services Block Grant [Opioid State Targeted Response]	93.788	20180035-0	455,812	455,812
Passed through Workforce Development Agency - State of Michigan - Chafee Foster Care Independence Program				
	93.674	1801MICLIP	28,645	62,377
Passed through State Court Administrative Office - Grants to States for Access and Visitation Programs				
	93.597	SCAO-2018-016		9,000
Passed through Nat'l Assoc. of County & City Health Officials (NACCHO) - Medical Reserve Corps Small Grant Program [Challenge Award]				
	93.008	5MRCSG101005-04-00		1,158
Passed through Greater Detroit Area Health Council - State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)				
	93.757	5NU58DP005453-04		44,512
Passed through Michigan Department of Community Health - Injury Prevention and Control Research and State and Community Based Programs [Safer Opioid Prescribing]				
	93.136	NU17CE924871		63,119
Total U.S. Department of Health and Human Services				35,208,848

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2018

Federal Agency/Pass-through Entity/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY:				
Passed through Michigan Department of State Police - High Intensity Drug Trafficking Area Program	95.001	G17SM0002A		\$ 44,325
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through Michigan Department of State Police:				
Emergency Management Performance Grant - 2018	97.042	EMC-2017-EP-00001		42,726
Homeland Security Grant Program [2017 SHSP]	97.067	EMW-2017-SS-00013	\$ 46,496	46,496
Homeland Security Grant Program [2017 UAS]	97.067	EMW-2017-SS-00013	985,178	1,131,904
Homeland Security Grant Program [2017 Stonegarden]	97.067	EMW-2017-SS-00013-S01	16,006	23,268
Homeland Security Grant Program [2016 SHSP]	97.067	EMW-2016-SS-00010-S01	133,512	206,186
Homeland Security Grant Program [2016 UAS]	97.067	EMW-2016-SS-00010-S01	1,601,907	2,134,450
Homeland Security Grant Program [2016 Stonegarden]	97.067	EMW-2016-SS-00010-S01	21,231	22,263
Homeland Security Grant Program [2015 Stonegarden]	97.067	EMW-2015-SS-00033	9,609	13,464
Homeland Security Grant Program [2015 UAS]	97.067	EMW-2015-SS-00033	224,133	253,520
Passed through United Way - Emergency Food and Shelter National Board Program	97.024	474600-010 PH35		98,130
Passed through Michigan Department of Natural Resources - Marine Safety Program	97.012	16.01.26		64,924
Total U.S. Department Of Homeland Security				<u>4,037,331</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 66,114,536</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Macomb County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2018. The information in the 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* (the "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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

The County has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? X Yes None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants (CDBG) - Entitlement Grants Cluster
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.067	Homeland Security Grant Program
93.600	Head Start Program
12.611	DoD - Community Economic Adjustment Assistance for Reductions in Defense Industry Employment

Dollar threshold used to distinguish between type A and type B programs: \$1,983,436

Auditee qualified as low-risk auditee? Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section II - Financial Statement Audit Findings

Reference Number	Finding
2018-001	<p data-bbox="362 531 773 556">Finding Type - Material weakness</p> <p data-bbox="362 581 1479 667">Criteria - Macomb County, Michigan (the "County") is required to report its financial results for inclusion into the County's basic financial statements in accordance with generally accepted accounting principles (GAAP).</p> <p data-bbox="362 693 1479 898">Condition - Instances of non-GAAP accounting methods were identified during the course of the audit, including: (a) incorrect accounting at the department of roads related to the timing of revenue recognition for state-shared revenue; (b) incorrect classification of revenue in the General Fund related to administrative charges to the department of public works; (c) failure to identify and reclassify assets classified as construction in progress that had been placed into service prior to year end and, as a result, failure to record associated depreciation for in-service assets; and (d) failure to record certain interfund activity related to debt service.</p> <p data-bbox="362 924 1479 1010">Context - Subsequent to the commencement of the year-end audit, journal entries were identified, certain reconciliations were revised, and financial statements were amended. The journal entries were material to the financial statements as a whole.</p> <p data-bbox="362 1035 1479 1150">Cause - The County did not have a process in place to ensure an accurate review was conducted of all year-end balances, reconciliations, and financial statements to verify the balances were correctly stated in accordance with GAAP and properly supported in all instances.</p> <p data-bbox="362 1176 1479 1535">Effect - At year end, the effects of the non-GAAP accounting methods were as follows: (a) state-shared revenue appropriated as part of the State's fiscal year ending September 30, 2019 was incorrectly recognized by the department of roads during the fund's fiscal year ended September 30, 2018; (b) cash received outside of the period of availability by the General Fund related to administrative charges to the department of public works was incorrectly recorded as revenue of the current year; (c) assets placed into service during the year were not identified and reclassified as such, which also resulted in an understatement of accumulated depreciation and depreciation expense; (d) interfund due to and due from balances and related interfund chargebacks were understated in the Intermediate Retiree Medical Trust Fund for debt service payments made during year. Without appropriate review and reconciliation procedures in place, material misstatements in the financial statements could occur and go undetected.</p> <p data-bbox="362 1560 1479 1646">Recommendation - Management should further strengthen procedures to ensure such instances identified are corrected in the general ledger and financial statements during normal close procedures.</p> <p data-bbox="362 1671 1479 1759">Views of Responsible Officials and Planned Corrective Actions - County management will place additional review procedures in place for each of the items referenced above as part of subsequent year-end closing procedures.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2018-002	<p>Finding Type - Material weakness</p> <p>Criteria - Departments of Macomb County, Michigan are required to report their financial results for inclusion into the County's basic financial statements in accordance with generally accepted accounting principles (GAAP).</p> <p>Condition - Instances of non-GAAP accounting methods were identified during the course of the audit at the department of community mental health, including lack of reconciliations supporting general ledger balances of accounts receivable, accounts payable, revenue, and expenses.</p> <p>Context - Subsequent to the commencement of the year-end audit, journal entries were identified, and certain reconciliations were revised. The journal entries were material to the financial statements as a whole.</p> <p>Cause - The department of community mental health did not have a process in place to ensure an effective review was conducted of all year-end balances and reconciliations to verify the balances were correctly stated in accordance with GAAP and properly supported in all instances.</p> <p>Effect - At year end, receivables and payables were incorrectly reported, and certain reconciliations related to receivables and revenue were not prepared properly. Without appropriate review and reconciliation procedures in place, material misstatements in the financial statements could occur and go undetected.</p> <p>Recommendation - Management should further strengthen procedures to ensure such instances identified are corrected in the general ledger and financial statements during normal close procedures.</p> <p>Views of Responsible Officials and Planned Corrective Actions - County management will continue to provide training and assistance to community mental health during year-end closing. Community mental health management will better document certain year-end journal entries and processes in order to promote a more efficient year-end closing.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2018-003	<p data-bbox="362 531 797 556">Finding Type - Significant deficiency</p> <p data-bbox="362 579 1479 636">Criteria - Macomb County, Michigan should maintain adequate preventive and detective controls to safeguard financial assets.</p> <p data-bbox="362 659 1479 747">Condition - The prosecutors' department did not have documentation to support that bank reconciliations for forfeiture accounts were being performed timely during the year prior to relinquishing custody of the funds to the Macomb County, Michigan treasurer.</p> <p data-bbox="362 770 1479 827">Context - A deficiency in a key internal control related to the safeguarding of financial assets was identified.</p> <p data-bbox="362 850 1479 938">Cause - The prosecutors' department did not have a process in place to adequately document and support that the reconciliation of bank accounts to the general ledger occurred during the year prior to relinquishing custody of the funds to the Macomb County, Michigan treasurer.</p> <p data-bbox="362 961 1479 1018">Effect - The lack of adequate preventive and detective controls could result in a misappropriation of assets that may not be detected timely.</p> <p data-bbox="362 1041 1479 1098">Recommendation - We recommend that management implement procedures to ensure all bank accounts are reconciled to the general ledger in timely manner at least monthly.</p> <p data-bbox="362 1121 1479 1241">Views of Responsible Officials and Planned Corrective Actions - During the audited fiscal year, these assets were deposited into county bank accounts. As such, these funds are now part of the County's bank reconciliation processes, which require reconciliations on a monthly basis in a timely manner.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2018-004	<p data-bbox="362 531 1133 556">Finding Type - Material noncompliance with laws and regulations</p> <p data-bbox="362 581 1479 638">Criteria - The County of Macomb, Michigan should have a process in place to ensure compliance with laws and regulations.</p> <ul data-bbox="362 642 1479 1003" style="list-style-type: none">• PA 368 of 1978, as amended, sets forth limitations on how property seized in drug forfeiture proceedings can be utilized by local units of government. PA 300 of 1949, as amended, sets forth limitations on how property seized as the result of operating a motor vehicle while intoxicated can be utilized by local units of government.• PA 2 of 1968, provides for the examination of the books and accounts of local units of government and outlines requirements for the control of expenditures under the budget and the general appropriations act.• Enrolled ordinance No. 2017-03 (the “purchasing ordinance”) requires that all county contracts, all county purchases, all county contract amendments, and all change orders have the commission’s prior approval to have any validity, force, or effect. The purchasing ordinance does provide for certain exceptions, which include, but are not limited to, purchases or contracts with a value of less than \$35,000. <p data-bbox="362 1029 1479 1085">Condition - There were instances identified whereby the County may not be in compliance with certain laws and regulations as follows:</p> <ul data-bbox="362 1089 1479 1297" style="list-style-type: none">• Expenditures authorized by the prosecutors’ department settled with forfeiture funds may not meet the allowability requirements of PA 368 of 1978, as amended, or PA 300 of 1949, as amended.• Certain forfeiture accounts and expenditures were not subject to examination or contemplated as part of the County’s general appropriations act, as required by PA 2 of 1968.• Certain transactions were identified during our testing for which management was unable to provide documentation supporting compliance with all aspects the purchasing ordinance. <p data-bbox="362 1323 477 1348">Context -</p> <ul data-bbox="362 1352 1479 1684" style="list-style-type: none">• During the year under audit, management identified expenditures settled with forfeiture funds that may not meet the allowability requirements of PA 368 of 1978, as amended, or PA 300 of 1949, as amended. These expenditures primarily consist of donations to charitable organizations. As of the date of this report, the expenditures are being reviewed by an independent forensic auditor and investigated by the Michigan State Police.• During the year under audit, approximately \$233,000 of forfeiture funds was transferred to the County’s general concentration bank account and reported on the general ledger in the Prosecuting Attorney Grants Fund. Approximately \$223,000 of disbursements was made during the year under audit.• We were unable to obtain evidence of compliance with the purchasing ordinance for certain contracts selected for testing totaling approximately \$692,000. <p data-bbox="362 1709 1479 1766">Cause - The County did not have a process in place to fully monitor compliance with applicable laws and regulations throughout the year.</p> <p data-bbox="362 1791 451 1816">Effect -</p> <ul data-bbox="362 1820 1479 1995" style="list-style-type: none">• Expenditures settled with forfeiture funds may have violated PA 368 of 1978, as amended, or PA 300 of 1949, as amended.• Certain forfeiture accounts were not subject to examination, as required by PA 2 of 1968, nor were expenditures incurred during the year under audit included in the County’s General Appropriations Act.• Expenditures may have been incurred that did not comply with the purchasing ordinance.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2018-004 (cont.)	<p>Recommendation - Management should further strengthen policies and procedures to ensure expenditures are in accordance with applicable laws and regulations in all instances.</p> <p>Views of Responsible Officials and Planned Corrective Actions - County management agrees with all points regarding the forfeiture funds and took actions during the audited period to place these funds in bank accounts in the custody and control of the Macomb County, Michigan treasurer and accounted for within the County's financial accounting systems in order to better monitor allowable expenditures, better document all transactions related to the forfeiture funds, and to budget the funds in compliance with PA 2 of 1968. County management continues to work with the board of commissioners regarding matters of interpretation surrounding the purchasing ordinance. As an example, subsequent to the audited period, vehicles under the \$35,000 threshold individually that are purchased with other similar vehicles, whereby the aggregate amount of the total order exceeds the threshold, are now being presented to the board of commissioners for approval prior to the order being placed. County management is in the process of improving review practices in order to better identify change orders, purchases, and contracts that must go to the board of commissioners so that these items can be approved in a timely manner that will not impact services to the residents and businesses of Macomb County, Michigan.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2018-005	<p>CFDA Number, Federal Agency, and Program Name - CDBG Entitlement Grant Cluster, Department of Housing and Urban Development, CFDA 14.218</p> <p>Federal Award Identification Number and Year - B-14-UC-26-0005, B-15-UC-26-0005, B-16-UC-26-0005, B-17-UC-26-0005, and B-18-UC-26-0005</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - Per 2 CFR 200.61, internal controls means a process, implemented by a nonfederal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</p> <ul style="list-style-type: none"> (a) Effectiveness and efficiency of operations (b) Reliability of reporting for internal and external use (c) Compliance with applicable laws and regulations <p>Condition - During testing of payroll costs for compliance allowability requirements, it was noted that the County did not reconcile between payroll reports and payroll spreadsheet used to track payroll costs to be charged to the grant.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Per review of the calculations, noted for one employee, the hours worked on CDBG for a particular pay period did not agree between the time card and the hours posted to the CDBG spreadsheet that is used to calculate payroll costs to be charged to the grant. In this instance, it was noted that the employee had no hours recorded for CDBG for the specific pay period reviewed, resulting in no questioned costs.</p> <p>Cause and Effect - The lack of adequate controls over the input and calculation of the payroll costs chargeable to the grant created the discrepancy.</p> <p>Recommendation - We recommend that the County implement a detailed review of the reconciliation in order to ensure that amounts charged to the grant are complete and accurate.</p> <p>Views of Responsible Officials and Corrective Action Plan - County management disagrees with this finding, noting that only one instance of an error in allocation resulted in an undercharge to the grant in question. While county management will continue to diligently review existing allocation methods, including the implementation of more efficient time certification methods, we believe that one error does not indicate an inadequate internal control, but rather clerical error.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-006	<p>CFDA Number, Federal Agency, and Program Name - Block Grants for Prevention and Treatment of Substance Abuse, Department of Health and Human Services, CFDA 93.959</p> <p>Federal Award Identification Number and Year - 20180035-0</p> <p>Pass-through Entity - Michigan Department of Human Services</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Per 45 CFR part 75 Section 305 (b)(3) - Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the HHS awarding agency sets a specific condition per §75.207, or when the nonfederal entity requests payment by reimbursement. This method may be used on any federal award for construction or if the major portion of the construction project is accomplished through private market financing or federal loans and the federal award constitutes a minor portion of the project. When the reimbursement method is used, the HHS awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the HHS awarding agency or pass-through entity reasonably believes the request to be improper.</p> <p>Condition - It was noted that funds were not disbursed to subrecipients within 30 days.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Out of 25 subrecipient payments that were selected for testing, it was noted that one subrecipient was paid 91 days later.</p> <p>Cause and Effect - The initial request from the subrecipient was misplaced, which resulted in a delay in the payment to the subrecipient.</p> <p>Recommendation - The County should implement procedures to ensure it has a tracking mechanism to identify requests that are received and ensure timely payment to subrecipients.</p> <p>Views of Responsible Officials and Planned Corrective Actions - County management will enhance existing controls to ensure that all cash requested is spent within 30 calendar days, as required by Health and Human Services.</p>	None

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-007	<p>CFDA Number, Federal Agency, and Program Name - Block Grants for Prevention and Treatment of Substance Abuse, Department of Health and Human Services, CFDA 93.959 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Department of Health and Human Services, CFDA 10.557</p> <p>Federal Award Identification Number and Year - Block Grants for Prevention and Treatment of Substance Abuse - 20180035-0 and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - 16162MI013W5003, 172MI013W5003, and 182MI003W1003</p> <p>Pass-through Entity - Block Grants for Prevention and Treatment of Substance Abuse, Passed through Michigan Department of Human Services and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Passed through State Department of Community Health</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-007 (cont.)	<p>Criteria - Per 45 CFR part 75 Section 352(a), ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes:</p> <ul style="list-style-type: none"> (i) Federal award identification (ii) Subrecipient name (which must match the name associated with its unique entity identifier (iii) Subrecipient's unique entity identifier (vi) Federal Award Identification Number (FAIN) (v) Federal award date (see §75.2 federal award date) of award to the recipient by the HHS awarding agency (vi) Subaward period of performance start and end date (vii) Amount of federal funds obligated by this action by the pass-through entity to the subrecipient (viii) Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation (ix) Total amount of the federal award committed to the subrecipient by the pass-through entity (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA) (xi) Name of HHS awarding agency, pass-through entity, and contract information for awarding official of the pass-through entity (xii) CFDA number and name; the pass-through entity must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement (xiii) Identification of whether the award is R&D (xiv) Indirect cost rate for the federal award (including if the <i>de minimis</i> rate is charged 	

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-007 (cont.)	<p>Per 2 CFR 200 Section 331(b), evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as the following:</p> <ul style="list-style-type: none"> (1) The subrecipient's prior experience with the same or similar subawards (2) The results of previous audits, including whether or not the subrecipient receives a single audit in accordance with subpart F and the extent to which the same or similar subaward has been audited as a major program (3) Whether the subrecipient has new personnel or new or substantially changed systems (4) The extent and results of HHS awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a HHS awarding agency) <p>Condition - For Substance Abuse, noted that agreements with subrecipients did not include all the elements outlined in the Uniform Guidance and still made reference to Circular A-133.</p> <p>For both Substance Abuse and WIC, noted the County has not created and maintained a written risk assessment policy. The County does not appear to be performing risk assessment procedures over subrecipients for either of these programs.</p> <p>Furthermore for WIC, noted the County does not appear to be performing adequate monitoring over its subrecipient, including the review of single audit reports.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The County passes through approximately 79 percent of Substance Abuse funds to 18 subrecipients and approximately 14 percent of WIC funds to one subrecipient.</p>	

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-007 (cont.)	<p>Cause and Effect - The lack of adequate guidance within the agreements could potentially result in noncompliance on the part of the subrecipient, as they do not have the accurate guidance to determine which regulations to comply with. The lack of the elements did not result in any questioned costs, as all requests submitted for reimbursement were appropriately reviewed for allowability.</p> <p>The lack of a risk assessment policy and risk assessments resulted in inadequate monitoring of subrecipients, which included the lack of review of the subrecipient's single audit reports.</p> <p>For both programs, the noncompliance was caused by the improper implementation of subrecipient risk assessment and monitoring, as outlined in the Uniform Guidance.</p> <p>Recommendation - We recommend that the County evaluate the changes required under the Uniform Guidance, as incorporated by the Department of Health and Human Services under 45 CFR part 75 and implement them accordingly.</p> <p>Views of Responsible Officials and Planned Corrective Actions - County management will ensure that contracts with subrecipients include proper documentation, as required under 45 CFR part 75. Additionally, county management will write a subrecipient monitoring policy and implement subrecipient monitoring as required.</p>	

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-008	<p>CFDA Number, Federal Agency, and Program Name - Homeland Security, Department of Homeland Security, 97.067</p> <p>Federal Award Identification Number and Year - EMW-2017-SS-00013, EMW-2016-SS-00010-S01</p> <p>Pass-through Entity - Michigan Department of State Police</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - Yes</p> <p>2017-004</p> <p>Criteria - Per 2 CFR 200 Section 331(b), evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as the following:</p> <ul style="list-style-type: none"> (1) The subrecipient's prior experience with the same or similar subawards (2) The results of previous audits, including whether or not the subrecipient receives a single audit in accordance with Subpart F-Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program (3) Whether the subrecipient has new personnel or new or substantially changed systems (4) The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency) <p>Condition - The County did not maintain a risk assessment policy and assess the risk of its subrecipients to determine level of monitoring.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The County passed through approximately 80 percent of the award to subrecipients. The subrecipients use the funds primarily for patrol costs and trainings.</p> <p>Cause and Effect - The County did not implement the requirements outlined by the Uniform Guidance in its entirety and, as a result, did not have adequate documentation to support the level of monitoring completed.</p> <p>Recommendation - We recommend that the County evaluate the changes required under the Uniform Guidance outlined in 2 CFR 200 and implement them accordingly.</p>	None

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2018

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2018-008 (cont.)	Views of Responsible Officials and Planned Corrective Actions - County management will write a subrecipient monitoring policy and implement subrecipient monitoring, as required under 2 CFR 200.	