Charter County of Wayne, Michigan

Federal Awards
Supplemental Information
September 30, 2017

Charter County of Wayne, Michigan

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

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

Independent Auditor's Report

To the Honorable Members of the Wayne County Commission
and the County Executive of the Charter County of Wayne, Michigan
Charter County of Wayne, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan (the "County") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 27, 2018, which contained unmodified opinions on 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. 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 March 27, 2018. We did not audit the financial statements of HealthChoice of Michigan, which represents 13.63 percent, 11.62 percent and 40.90 percent, respectively of the assets, net position and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Wayne County Employees' Retirement Systems (Pension Trust Funds - Defined Benefit Employees' Retirement System and Defined Contribution Plan), which represents 74.87 percent, 90.18 percent and 54.31, respectively, of the assets, net position, and revenue of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities listed above, is based on the report of the other auditors.

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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

March 27, 2018

plante moran

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P.O. Box 307
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Fax: 248.352.0018
plantemoran.com

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 Honorable Members of the Wayne County Commission
and the County Executive of the Charter County of Wayne, Michigan
Charter County of Wayne, 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 the Charter County of Wayne, Michigan (the "County") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 27, 2018. Our report includes a reference to other auditors who audited the financial statements of HealthChoice of Michigan, which represents 13.63 percent, 11.62 percent, and 40.90 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Our report also includes reference to other auditors who audited financial statements of the Wayne County Employees' Retirement Systems (Pension Trust Funds - Defined Benefit Employees' Retirement System and Defined Contribution Plan) which represents 74.87 percent, 90.18 percent and 54.31 percent, respectively, of the assets, net position, and revenue of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities listed above, is based on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Wayne County - Detroit Community Development Entity, Inc., Wayne County Employees' Retirement System Defined Benefit Plan, and Wayne County Employees' Retirement System Defined Contribution Plan were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2017-001, 2017-003, 2017-004, 2017-005, 2017-006, and 2017-007 to be material weaknesses.

To Management and the Honorable Members of the Wayne County Commission
and the County Executive of the Charter County of Wayne, Michigan
Charter County of Wayne, Michigan

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 2017-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2017-005.

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.

Plante & Moran, PLLC

March 27, 2018

plante moran

Plante & Moran, PLLC
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P.O. Box 307
Southfield, MI 48037-0307
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Fax: 248.352.0018
plantemoran.com

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Honorable Members of the Wayne County Commission
and the County Executive of the Charter County of Wayne, Michigan
Charter County of Wayne, Michigan

Report on Compliance for Each Major Federal Program

We have audited the Charter County of Wayne, 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 September 30, 2017. 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 each of 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 its major federal programs for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2017-008 and 2017-011. Our opinion on each major federal program is not modified with respect to these matters.

To the Honorable Members of the Wayne County Commission
and the County Executive of the Charter County of Wayne, Michigan
Charter County of Wayne, Michigan

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.

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 2017-008, 2017-011, 2017-012, 2017-013, and 2017-014 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 were not 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 2017-009 and 2017-010 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

March 27, 2018

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through Michigan Department of Health and Human Services:				
Special Supplemental Food - WIC	10.557	E20172053-001	$ 926,494	$ 3,135,208
Special Supplemental Food - WIC	10.557	E20171289-001	-	122,129
			926,494	3,257,337
Direct Programs - Child Nutrition Cluster - Summer Food Service Program For Children	10.559	N/A	-	57,964
Direct Programs - Urban and Community Forestry Program	10.675	15-DG-1142004-004	-	10,978
Total U.S. Department of Agriculture			926,494	3,326,279
U.S. Department of Commerce:				
Economic Development Cluster:				
Passed through Michigan State Housing Development Authority -				
Economic Adjustment Assistance - Urban Loan Fund	11.307	06-19-01905	-	1,280,262
Direct Program - Habitat Conservation	11.463	NA15NMF4630294	-	8,901
Total U.S. Department of Commerce			-	1,289,163
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grant Entitlement Cluster:				
Community Development Block Grants - Federally Qualified Health Center (FQHC)	14.218	3H80CS24135-03-14	-	41,194
Community Development Block Grant	14.218	B-10-UC-26-0003	-	664,960
2010 Community Development Block Grant	14.218	B-10-UC-26-0003	216,108	216,108
2013 Community Development Block Grant	14.218	B-13-UC-26-0003	93,232	93,232
2014 Community Development Block Grant	14.218	B-14-UC-26-0003	640,356	640,356
2015 Community Development Block Grant	14.218	B-15-UC-26-0003	1,850,814	1,896,636
2016 Community Development Block Grant	14.218	B-16-UC-26-0003	969,699	969,699
			3,770,209	4,522,185
Emergency Solutions Grant (McKinney Act for the Homeless)	14.231	E-16-UC-26-0003	333,024	348,021
Home Investment Partnership	14.239	M-12-DC260213	1,764,258	1,884,737
Continuum of Care Program	14.267	*MI0101L5F021305*	159,047	165,303
Lead-based Paint Hazard Control Grant	14.900	*MILHD0164-07*	-	224,543
Total U.S. Department of Housing and Urban Development			6,026,538	7,144,789
U.S. Department of Justice:				
Passed through Michigan Department of Community Health:				
Crime Victim Assistance	16.575	20093-17V12	-	605,032
Crime Victim Assistance	16.575	2015-VA-GX-0044	-	328,525
			-	933,557
Passed through City of Detroit, Michigan - Drug Court Discretionary Grant Program	16.585	2014-DC-BX-0086	-	266,160
Passed through 36th District Court - STOP Violence Against Women Formula Grant	16.588	STOP-16-82004	-	27,184
Direct Programs - Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	*2016-WE-AX-0039*	-	231,129
Direct Programs:				
2012 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0730	597,929	597,929
2013 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0503	612,087	615,764
2014 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0503	330,591	443,667
2015 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0911	58,261	58,261
2016 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0989	-	-
			1,598,868	1,715,621
Direct Programs - FY 2016 BJA-Sexual Assault Kit Initiative	16.833	2015-AK-BX-K010	72,580	308,642
Total U.S. Department of Justice			1,671,448	3,482,293

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation:				
Passed through Michigan Department of Transportation - Highway Safety Cluster -				
Highway Planning & Construction Cluster - Highway Planning and Construction (Note 3)	20.205	Various	$ -	$ 1,324,985
Passed through Michigan Department of State Police -				
Safety Belt Enforcement Task Force	20.616	PT-17-16	-	62,598
Passed through Michigan Department of State Police -				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0558-16-01-00	-	1,500
Total U.S. Department of Transportation			-	1,389,083
U.S. Environmental Protection Agency:				
Passed through Michigan Department of Environmental Quality:				
Clean Water State Revolving Fund Cluster:				
State Revolving Funds - System Improvement Program	66.458	5416-01	-	12,032
State Revolving Funds - System Improvement Program	66.458	5446-01	-	1,088,695
State Revolving Funds - System Improvement Program	66.458	5420-01	-	3,398,137
			-	4,498,864
Direct Programs:				
Great Lakes Restoration Initiative	66.469	GL00E01435-0 / GL00E02040	-	270,594
Beach Monitoring and Notification Program	66.472	N/A	-	2,500
Brownfield Training, Research & Technical Assistance Grants and Cooperative Agreements	66.814	TR-00E02090	-	36
Brownfield Pilots Cooperative Agreements - ASSESSMENT	66.818	*BF97509402*	-	403,143
Total U.S. Environmental Protection Agency			-	5,175,137
U.S. Department of Health and Human Services:				
Passed through Area Agency on Aging 1C:				
Aging Cluster - Nutrition Services	93.045	N/A	-	1,308,418
Aging Cluster - Nutrition Services	93.053	N/A	-	597,573
			-	1,905,991
Passed through Michigan Department of Health and Human Services:				
Public Health Emergency Preparedness - Bioterrorism Supplemental	93.069	E2017-2045-00	-	199,642
Public Health Emergency Preparedness - Bioterrorism Supplemental	93.069	E2017-1277-00	-	125,045
Public Health Emergency Preparedness - Bioterrorism Supplemental	93.069	E2017-1825-00	-	189,863
			-	514,550
Prevention and Public Health Fund - Bioterrorism Supplemental	93.074	E2017-1825-00	-	68,506
Passed through Michigan Department of Health and Human Services -				
Tuberculosis Control Program	93.116	E2017-1288-00	-	92,223
Direct Programs:				
Health Center Program Cluster:				
Federally Qualified Health Center (FQHC)	93.224	3H80CS24135-05-05	-	1,617,512
ACA - Affordable Care Act for new & expanded services under the Health Center Program	93.527	14H80CS24135	-	284,698
			-	1,902,210
Substance Abuse and Mental Health Services	93.243	5H79T1025493-02	-	265,880
Passed through Michigan Department of Health and Human Services:				
Immunization Cooperative Agreements	93.268	E2017-1281-00	-	8,850
Immunization Cluster - Infant Immunization Initiative	93.268	E2017-1274-00	-	130,357
Immunization Cluster - VFC Vaccines	93.268	N/A	-	467,983
			-	607,190
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323	E2017-2850-00	-	22,038
Maternal, Infant and Early Childhood Home Visiting Cluster:				
Affordable Care Act	93.505	E 2017-1722-00	-	275,784
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	E20171722-00	-	25,071
			-	300,855

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended September 30, 2017

Federal Agency/Pass-through Agency/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):				
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	E2017-1274-00	$ -	$ 220,092
Passed through Michigan Department of Health and Human Services:				
Child Support Enforcement - Title IVD	93.563	CSCOM-17-82003	-	18,483,385
Child Support Enforcement - Title IVD	93.563	CSCOM-17-82003	-	2,661,367
			-	21,144,752
Passed through the State Court Administrative Office - Access and Visitation Grant	93.597	SCAO-2016-025	-	55,350
Direct Programs:				
Headstart	93.600	05CH010389-01-00 & 05CH8257/16	58,875	232,081
Headstart	93.600	05CH010389-01-00/01 & 05CH010389-00/01	1,792,338	3,008,251
Early Headstart	93.600	05CH010389-01-00 & 05CH8257/16	-	1,747,825
Headstart	93.600	05CH8299/03 & 05CH8299-05-00	1,535,300	1,599,852
			3,386,513	6,588,009
Passed through Michigan Department of Health and Human Services - Foster Care - Title IV-E	93.658	FIA/DHS 207A	-	517,478
Passed through Michigan Department of Health and Human Services:				
Medicaid Cluster - Crippled Children	93.778	E20171432-00	-	11,444
Medicaid Cluster - Crippled Children	93.778	E20171455-00	-	311,583
Medicaid Cluster - Crippled Children	93.778	E20172847-00	-	9,676
			-	332,703
AIDS Counseling and Testing	93.940	E2017-1273-00	-	108,094
Maternal and Child Health Services Block Grant	93.994	E20171323-00	-	1,102,926
Preventive Health Services - STD	93.977	E2017-1279-00	-	106,970
Total U.S. Department of Health and Human Services			3,386,513	35,855,817
U.S. Department of Homeland Security:				
Passed through the Michigan Department of Natural Resources - Boating Safety Financial Assistance	97.012	N/A	-	53,000
Passed through the Michigan State Police:				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00001	-	64,913
Homeland Security Cluster - Homeland Security Grant Program	97.067	EMW-2015-SS-00033	82,292	86,586
Homeland Security Cluster - Homeland Security Grant Program	97.067	NONE	-	24,037
Homeland Security Cluster - Homeland Security Grant Program	97.067	2015 UASI - (HSGP)-Macomb County	1,371	542,678
Homeland Security Cluster - Homeland Security Grant Program	97.067	2016 UASI - (HSGP)-Macomb County	-	122,315
			83,663	775,616
Total U.S. Department of Homeland Security			83,663	893,529
Total Federal Awards			**$ 12,094,656**	**$ 58,556,090**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

September 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Charter County of Wayne, Michigan under programs of the federal government for the year ended September 30, 2017. 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 Requirement 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 on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements with the exception of the expenditures related to CFDA 66.458, Capitalization Grants for Clean Water - State Revolving Fund (CWSRF), which are reported on the Schedule on the cash basis. The CWSRF expenditures are reported in accordance with the subrecipient reporting guidelines outlined in the 2017 OMB Compliance Supplement for CFDA 66.458. Such expenditures are recognized following the cost principles contained expenditures are in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or 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* (the "Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note 3 - Highway Planning and Construction Program

The County participates in 18 federally funded separate road, street, and bridge construction and repair projects, which are primarily administered by the State of Michigan Department of Transportation (MDOT). The projects, which are controlled by MDOT, are recorded in the County's general ledger and amounted to $14,881,337. The federal financial assistance administered directly by MDOT has not been included in the tests of compliance with laws and regulations associated with the County's single audit and is not included in the Schedule.

Note 4 - Urban Loan Fund (CFDA# 11.307)

A federally funded revolving loan subgrant was received by the County from the State of Michigan in 1992. Beginning with the year ended September 30, 2011, the County assumed the administration of these funds. The funds are utilized to promote economic development for minority businesses and businesses in distressed communities. Under terms of the loan agreement, at least 75 percent of the funds in this program must be loaned or committed for loans.

The amount of the expenditure reported in the schedule of expenditures of federal awards is calculated based on the formula provided in the Compliance Supplement with a federal share rate of 100 percent and is as follows:

Balance of ULF loans outstanding at the end of fiscal year	$	664,774
Cash and investment balance		615,488
Administrative expenses paid out of ULF income		-
Unpaid principal of all loans written off during the fiscal year		-
Total	$	1,280,262

Note 5 - Monitoring Visits

The County is subject to annual compliance audits by several of its funding agencies. If program expenditures are disallowed due to noncompliance with contract requirements, the County may be required to reimburse the funding agency.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended September 30, 2017

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
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
16.738	Edward Byrne Memorial Justice Assistance Grant Program
93.563	Child Support Enforcement
93.224/93.527	Health Center Program Cluster
93.045/93.053	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs:	$1,756,683	
Auditee qualified as low-risk auditee?	___ Yes	X No

Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	**Finding Type** - Material weakness **Criteria** - The County and its component units should have a process in place to ensure proper recording and reconciling of general ledger activity throughout the year as well as identification and recording of all year-end closing entries in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit. **Condition** - The County's general ledger and underlying financial records and those of several component units were not reconciled and closed in a timely manner. There were numerous adjustments that should have been identified by management, which were instead identified during the audit of the County and the component units. **Context** - The accounting adjustments included corrections to adjust capital asset balances to agree to supporting detail, reverse entries made during the year to fund balance/net position, increase cash and increase revenue, reduce legal reserves to be in accordance with GAAP, increase the liability for MTT/chargebacks to agree to supporting documentation, record allowances for accounts receivable, reduce accounts receivable and revenue for grant activities that are not eligible for reimbursement, adjust accounting for contractor letters of credit, correct restricted assets and restricted net position/fund balance, adjust deferred inflows for revenue received within the period of availability and grant activity, revise year-end interfund balances, properly classify long-term liabilities, and adjust Wayne County Land Bank Corporation inventory. There were also various adjustments to the financial statements that should have been made in order to correctly state the County's, Wayne County Land Bank Corporation's (WCLBC), and Greater Wayne Economic Development Corporation's financial records at year end, but were not adjusted as management did not deem these items to be significant enough to correct in the accounting records. These are referred to as "passed adjustments". The passed adjustments included corrections to record the gain on sale of fixed assets for the County and the WCLBC, adjust depreciation expense, increase deferred inflows for revenue not received within the period of availability, record revenue for amounts to be reimbursed from other funds, record investments at fair market value for the County and WCLBC, record certain investments at fair market value, reduce workers' compensation IBNR to agree to the actuarial valuation, adjust the net OPEB obligation to the amount calculated by the actuary, adjust advances on deposit for road projects, record revenue for the Wayne County Airport Authority's proportionate share of pension expense for pre-2002 employees due to the Special Funding Situation, accrue for FICA on compensated absences, record a receivable for the portion of retiree healthcare stipends that were paid by the County on behalf of WCAA, net chargeback revenue against expenses in fund financial statement, general ledger activity not recorded for the Parking Lots and Wetlands Mitigation Funds, fund classification of Parking Lots, Wetlands Mitigation, Imprest Payroll, and Imprest Retirement Payroll Funds. These corrected and uncorrected misstatements resulted in changes in revenue and expenses of $33.4 million and spanned across multiple funds. **Cause** - The County and several component units did not have processes in place to ensure activity was properly reconciled to the general ledger throughout the year and year-end closing entries were identified and recorded in the general ledger prior to the commencement of the audit.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-001 (Con't)	**Effect** - If the County and component units had not recorded the auditor-identified entries, the financial statements would have been materially misstated. **Recommendation** - The County and component units should work with all departments to ensure that each has adequate resources to fully and accurately reconcile and record activity throughout the year and identify and record year-end entries prior to the start of the audit. An independent review of reconciliations and trial balances prior to the start of the audit would assist in identifying and correcting potential errors. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. A thorough discussion with responsible officials including those of elected offices impacted by this finding will take place. A monthly and/or quarterly reconciliation process and procedures will be documented and implemented to ensure transactions are recorded in accordance with GAAP and in a timely manner throughout the year. Staff training regarding the importance of timely account reconciliation to ensure the discovery of errors and associated corrective action will occur.

Reference Number	Finding
2017-002	**Finding Type** - Significant deficiency **Criteria** - The County should have a documented process to ensure timely and accurate accumulation, review, and submission of census data to the actuary in order to obtain the information required to comply with GASB 74. **Condition** - During the audit, it was noted that the County does not have a system in place to accumulate and review census data. **Context** - Errors in census data could have material implications on liabilities estimated by the actuaries. **Cause** - The County did not have processes in place to ensure census data provided to the actuaries was correct. **Effect** - Incomplete or inaccurate information in the census data provided to the actuary could result in errors in the County's actuarial valuation. **Recommendation** - We recommend that the County implement a review process to ensure that census data is accumulated timely and reviewed internally before submission to the actuary. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. Fiscal year 2017 was the first year of implementation of GASB 74. The County is in process of transitioning to a new benefits management consultant firm to manage this process. Management will work with the Benefits Division of Management and Budget and Wayne County Employee Retirement System (WCERS) to establish a process and procedures for performing an in-depth review of the census data to ensure its accuracy prior to its submission to the actuarial consultant.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-003	**Finding Type** - Material weakness **Criteria** - There should be a process in place to ensure that personnel and account changes are verified with the bank on a timely basis. In addition, voided checks should be communicated to financial institutions timely. **Condition** - While the County does have a process in place to notify the bank regarding terminated employees and closed accounts, there is not a system in place to verify that the bank makes the requested changes. In addition, the County does not have a procedure in place to ensure that voided checks are communicated to the bank in a timely manner. **Context** - It was identified during the audit that in some cases terminated employees were still listed in the financial institutions' online system with a status of “inactive” or disabled” instead of being removed from the system altogether. Closed accounts were also still noted on the online system as active accounts. In one case, it was noted that bank statements were still being sent in the name of a terminated employee. Furthermore, there is a lag in timing from when checks are voided in the County’s general ledger system and when they are voided at the bank. During the audit, we noted approximately $133,000 in checks that were voided but not communicated to the bank. **Cause** - The County did not have procedures in place to verify that terminated employees and closed accounts are removed from the financial institutions’ systems and that voided checks are communicated to the bank timely. **Effect** - Failure to follow up with the financial institutions to ensure proper handling of requests for personnel changes and lack of timely notification of voided checks could lead to misappropriation of funds. **Recommendation** - The County should implement procedures to ensure personnel and account changes are verified with financial institutions to ensure access is limited to authorized individuals. In addition, the County should communicate with the banks to ensure all checks voided in the general ledger system are also voided at the institution timely. **Views of Responsible Officials and Corrective Action Plan** - When the treasurer’s office sends new signature cards to the bank, it is expected that the bank will correctly change every account that is in the name of Wayne County, Michigan; however, in some instances, an account is missed by the bank, and the names are not updated. This is not something that the treasurer’s office can correct until it is brought to our attention. The County is working to implement a verification process. Related to the voided checks, checks are voided by management and budget. A list is then sent to the treasurer’s office so that they can be voided in the banking system. In some cases, there has been a lag in getting the list between departments. Additionally, there has been staff turnover in the treasurer’s office, which has caused a delay in our normal processes due to the transfer of responsibility. Procedures are in place, and duties are reassigned to new staff members to correct this issue.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-004	**Finding Type** - Material weakness **Criteria** - The County and the Wayne County Land Bank Corporation (WCLBC) should have appropriate overall monitoring procedures in place over the general ledger and external financial reporting function to ensure timely and accurate financial statements. **Condition** - The County and WCLBC lacked appropriate overall monitoring of account balances during the year in order to compile complete and accurate financial reports, which resulted in many auditor-proposed journal entries. **Context** - The County and WCLBC did not have a process to assign all general ledger accounts to the appropriate person for overall monitoring, including analytical analysis. Various entries to fund balance/net position were posted during the year that did not rise to the level of a prior period adjustment and required reversing entries during the audit. It was also noted that numerous accounts had activity that had not been adjusted since the prior year, relationships within funds had not been reviewed, certain funds had activity that had not been recorded, reconciliation support did not agree to the underlying recorded balance, and fund types were classified incorrectly. **Cause** - The County and WCLBC did not have processes in place to ensure general ledger accounts were monitored and analyzed by appropriate individuals, including taking a big picture view of fund activity before finalization of the accounting records. **Effect** - As a result of the lack of appropriate overall monitoring procedures, there were many auditor-proposed journal entries. **Recommendation** - The County and WCLBC should develop overall monitoring procedures to aid in ensuring that all activity in a fund is complete, accurate, and logical. This includes assigning an appropriate individual to each general ledger account as well as several individuals who would be responsible for the entire general ledger and financial statements to perform monitoring, analytical analysis, and adjustment as needed. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. A thorough review of the financial activity and processes of the WCLBC by management and budget in cooperation of the responsible WCLBC personnel will take place in FY 2018 and a corrective action plan will be implemented. Monthly and/or quarterly reconciliation processes and procedures will be documented and implemented to ensure transactions are recorded and reconciled in a timely manner to the general ledger throughout the year.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-005	**Finding Type** - Material noncompliance with laws and regulations and material weakness **Criteria** - There should be a process in place to ensure that the County and the County's component units comply with laws and regulations. • The Uniform Unclaimed Property Act (Public Act 29 of 1995) requires the Michigan Holder Transmittal Annual Report of Unclaimed Property to be submitted annually by November 1. Any holder of unclaimed property who fails to file a report of unclaimed property is subject to fines and penalties as described in Public Act 29 of 1995. • Public Act 2 of 1968, Section 141.435 (2), states total budgeted expenditures shall not exceed estimated revenue plus accumulated fund balance. In addition, Section 141.438 (3), "Except as otherwise provided in Section 19, an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body." • Per Public Act 2 of 1968, Section 141.434 (5), the chief administrative officer shall furnish to the legislative body information the legislative body requires for proper consideration of the recommended budget. Before final passage of a general appropriations act by the legislative body, a public hearing shall be held as required by 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. **Condition** - There were instances identified where the County and three of its component units, the Greater Wayne County Economic Development Corporation (GWCEDC), the Wayne County Building Authority, and the Wayne County Land Bank Corporation (WCLBC), were not in compliance with laws and regulations as follows: • The County currently has checks outstanding that are greater than a year old related to both road construction and performance bonds on deposit with the County that have not been escheated to the State. • The County's final budget for General Fund, Roads Fund, and several nonmajor special revenue funds had expenditures in excess of the amount appropriated by the commission. In addition, several nonmajor special revenue funds resulted in a fund deficit as of September 30, 2017. In addition, a nonmajor special revenue fund's final budget projected a deficit. • There was no budget prepared for the Wayne County Building Authority and the Greater Wayne County Economic Development Corporation. In addition, the Wayne County Land Bank Corporation budget for fiscal year 2017 was not approved. **Context** • The County has not quantified the amount to be escheated to the State of Michigan, and it is not recorded at September 30, 2017. • For certain nonmajor governmental funds, the County's final budget resulted in a projected fund deficit as presented in the other supplemental information. Certain nonmajor governmental and internal service funds ended in a deficit. • The Wayne County Building Authority and GWCEDC did not adopt a budget and WCLBC did not approve a budget.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-005 (Con't)	**Cause** - There is not a process in place to fully monitor compliance with laws and regulations throughout the year. **Effect** - The County, the Greater Wayne County Economic Development Corporation, the Wayne County Building Authority, and the Wayne County Land Bank Corporation were not in compliance with certain laws and regulations as identified above. **Recommendation** - We recommend that the County implement a process that identifies specific individuals for identifying and monitoring applicable compliance requirements throughout the year. In addition, the County should consider filing a Voluntary Disclosure Agreement (Form 4869) when submitting escheatments to the State. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. The County is in process of updating its escheatment policy and procedures and will work with responsible officials including elected officials staff to implement the new policy. Also, the County will work with responsible component units staff to ensure that the annual budget is prepared and approved by their board.

Reference Number	Finding
2017-006	**Finding Type** - Material weakness **Criteria** - The Wayne County Land Bank Corporation (WCLBC) should ensure that the appropriate processes and controls are in place over the financial reporting function to allow it to prepare all financial information completely and accurately; internal controls should also operate to ensure that there are sufficient records to support all financial statement balances, both balance sheet and income statement. **Condition** - WCLBC does not have sufficient comprehensive processes and controls in place to complete its accounting and financial reporting functions, which should include a review function that would prevent or detect misstatements. Adjustments to the accounting records were required in order to correctly state WCLBC's financial statements at year end as well as immaterial adjustments that were not recorded by management. WCLBC also was unable to provide sufficient records for various material financial statement balances. **Context** - An adjustment to the accounting records was needed to correctly state WCLBC's financial statements for valuing and recording inventory on hand at year end. There were also various adjustments to the financial statements that should have been made in order to correctly state the County's financial records at year end, but were not as management did not deem these items be significant enough to correct in the accounting records. These are referred to as "passed adjustments". The passed adjustments included corrections to accounts payable, notes payable, compensated absences, and activity from the sale of capital assets.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-006 (Con't)	Due to the lack of sufficient records available to support all financial statement balances, a disclaimer of opinion on the 2017 WCLBC financial statements was issued. The basis for the disclaimer is as follows: • WCLBC's liability for TURBO program deposits represents over 90 percent of WCLBC's total liabilities carried on the statement of net position/balance sheet as of September 30, 2017. The method of recording these deposits does not allow for WCLBC to easily determine the party to which they are due. As of the date of our audit report, management was still in the process of verifying the intended party and the applicable amount owed. As a result, we were unable to perform other auditing procedures concerning the TURBO program deposits. The amount our audit was unable to verify comprised 41 percent of the liability stated at September 30, 2017. • WCLBC receives properties through the Wayne County Treasurers office and records them as inventory until they are sold. All of the inventory on hand at year end was received during the current fiscal year as the beginning balance of inventory was $0. We were unable to obtain support for those properties transferred to WCLBA during the current fiscal year. As a result, we were unable to determine whether any adjustments might have been found necessary with respect to recorded or unrecorded inventory balances at September 30, 2017. • Revenue recorded is comprised of TURBO program revenue and inventory sales. During our audit, we identified numerous errors related to the proper recognition of revenue in addition to insufficient audit evidence being available to support the proper recognition of revenue. As a result, we are unable to determine what impact these errors have on net income for the year ended September 31, 2017. **Cause** - WCLBC did not have the proper procedures in place to ensure that the general ledger was properly stated and supported. **Effect** - As a result of the inability to appropriately support multiple account balances and activity recorded throughout the year, the financial statements of WCLBC were not able to be subject to appropriate audit procedures. Several material ending balances and transactions may not be accurately reflected in WCLBC's 2017 financial statements, as stated above. **Recommendation** - We recommend WCLBC place additional emphasis on ensuring its internal controls result in complete and accurate financial information and schedules supporting annual activity and year end balances. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. A thorough review of the financial activity and processes of the WCLBC by management and budget in cooperation of the responsible WCLBC personnel will take place in FY 2018, and a corrective action plan will be implemented. Monthly and/or quarterly reconciliation processes and procedures will be documented and implemented to ensure transactions are recorded and reconciled in a timely manner to the general ledger throughout the year.

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-007	**Finding Type** - Material weakness (repeat finding) **Criteria** - The County should have a process in place to ensure proper reconciliation and review of the fixed asset module with general ledger activity to ensure the proper recording of all year-end entries prior to the commencement of the audit. **Condition** - The County does not have a review process in place to effectively use its capital asset module as part of its accounting system to maintain and track capital asset activity, including additions, disposals, and depreciation. **Context** - The County did not have a process in place to ensure that the fixed asset module was reconciled to the general ledger system and reviewed. The following issues were identified during the audit: some beginning balances did not agree to system support, county procedures did not ensure that construction in progress was reclassified to a depreciable capital asset when complete, the recording of assets was duplicated in construction in progress and infrastructure, depreciation expense was not being calculated correctly for assets transferred from construction in progress to an asset, and journal entries were incorrectly posted to net position. In addition, the County is not capitalizing items in accordance with generally accepted accounting principles when a group of assets exceeds the capitalization threshold. As a result, capital asset adjustments were identified as part of the County's external audit totaling approximately $29 million. **Cause** - Procedures were not in place to ensure an effective internal review process of the capital asset activity occurred. **Effect** - As a result of the lack of appropriate controls and procedures over capital assets recording material journal entries were necessary to properly state year-end balances. **Recommendation** - The County should develop overall monitoring procedures to ensure that all capital asset activity is reconciled to the general ledger system timely and accurately. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with the finding. Continued staff turnover in the past couple of years coupled with complicated functionalities of the capital assets module disrupted the capital asset recording and reconciliation process in a timely manner. Additionally, lack of end user functional support from an existing vendor multiplied errors in recording the transactions. We are in the process of engaging a functional expert from our existing JDE support vendor to conduct an online training to ensure that staff will be trained adequately to perform this function. Also, the County will evaluate the existing capitalization policy for the threshold limit and sufficiency of accounting procedures to adhere with GAAP.

Section III - Federal Program Audit Findings

Reference Number	Finding
2017-008	**CFDA Number, Federal Agency, and Program Name** - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) **Federal Award Identification Number and Year** - E20172053-001 and E20171289-001 (October 1, 2016 - September 30, 2017) **Pass-through Entity** - Michigan Department of Health and Human Services **Finding Type** - Material weakness and material noncompliance with laws and regulations **Repeat Finding** - Yes 2016-010 **Criteria** - In accordance with 2 CFR 200.305(b), for nonfederal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the nonfederal entity whether the payment is made by electronic funds transfer or issuance or redemption of checks, warrants, or payment by other means. In addition, the grant agreement between the Michigan Department of Health and Human Services (the "State") and the County, (i.e., the Comprehensive Planning, Budgeting and Contracting Agreement (CPBC)), specifies that the County must liquidate any unpaid year-end commitments and obligations within 75 days after the agreement fiscal year end. Any obligation remaining unliquidated after 75 days from the end of the agreement period shall revert to the State for disposition in accordance with applicable state and/or federal requirements, except as specifically authorized in writing by the State. **Condition** - Controls in place did not minimize the time elapsing between the transfer of funds from the State and the disbursements to the County's subrecipients. Additionally, controls in place did not ensure all commitments and obligations were liquidated within 75 days after the agreement's fiscal year end, (i.e., September 30, 2017). **Questioned Costs** - $60,927 **Identification of How Questioned Costs Were Computed** - Questioned costs represent all commitments and obligations that were not liquidated within 75-day window as prescribed by the grant agreement. **Context** - The County accrued for the September 2017 payments due to its subrecipients. The County did not pay two of the subrecipients' requests as of the testing date. **Cause and Effect** - Controls in place neither ensured the County minimized the time elapsed between the transfer of funds from the State and the disbursement to its subrecipients, nor ensured commitments and obligations were liquidated within 75 days after the agreement's fiscal year end. **Recommendation** - We recommend that County review its procedures and controls to ensure disbursement of funds is consistent with 2 CFR 200.305(b) and the grant agreement.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-008 (Con't)	**Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. There was a delay in processing of invoices due to staff turnover in the health veterans and community wellness department, leading to gaps in the processing system. Starting in May 2018, management plans to implement a new monthly checklist, which will include important due dates and how each staff member is performing against those dates. Each checklist will be reviewed by management and evidenced with a signature and date.

Reference Number	Finding
2017-009	**CFDA Number, Federal Agency, and Program Name** - Aging Cluster - CFDA 93.045 Special Programs for the Aging--Title III, Part C-Nutrition Services CFDA 93.053 Nutrition Services Incentive Program **Federal Award Identification Number and Year** - None (October 1, 2016 - September 30, 2017) **Pass-through Entity** - Senior Alliance, (aka) Area Agency on Aging 1-C **Finding Type** - Significant deficiency **Repeat Finding** - No **Criteria** - Per 2 CFR 200.307(e)(2), under the addition method program income may be added to the federal award by the federal agency and nonfederal entity. The program income must be used for the purposes and under the conditions of the federal award. The grant agreement and the State's "Minimum Operating Standards" refer to the "addition method" of treatment for program income. **Condition** - The initial SEFA did not report expenditures of program income in accordance with the above regulations. **Questioned Costs** - None **Identification of How Questioned Costs Were Computed** - Not applicable as there are no questioned costs **Context** - The County receives donations from volunteers and participants receiving meals under the Aging Cluster to be used to further the program. Per the grant agreement and the State's "Minimum Operating Standards," program income (PI) should be treated under the "Additive Alternative". Essentially, PI should follow the guidelines outlined in 2 CFR 200.307 (e)(2). The use of program income was in accordance with the terms and conditions of the grant agreement and State's "Minimum Operating Standards." The expenditures reported on the SEFA for the Aging Cluster are understated by approximately $261,000. The expenditures reported on the SEFA have not been adjusted for this amount.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-009 (Con't)	**Cause and Effect** - Controls in place were not adequate to identify program income required to be reported as an expenditure, resulting in the SEFA being understated by approximately $261,000. The exclusion represents approximately 10 percent of total program activity; however, the exclusion of program income did not influence major program determination. **Recommendation** - The County should review controls in place over SEFA reporting to ensure that the expenditures reported on the SEFA are complete and accurate and consider all federal awards prescribed by 2 CFR 200.502. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. The grant was previously a reimbursement-based grant, which required all program income received to be deducted directly from the drawdown. The grant changed to a unit reimbursement grant, meaning a mixture of state and federal funds were paid to the County based on the number of meals served for the grant period. The grants division was not aware of the additive alternative, nor how to apply this methodology to the related program income. As such, program income of approximately $261,000 was incorrectly excluded from the SEFA. The grants division will seek appropriate training to ensure an adequate understanding of the additive alternative is obtained and how to appropriately apply this method to unit reimbursed grants. The grants division will also modify its current reconciliation process to include the necessary steps to detect all program income.

Reference Number	Finding
2017-010	**CFDA Number, Federal Agency, and Program Name** - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) **Federal Award Identification Number and Year** - E20172053-001 (October 1, 2016 - September 30, 2017) **Pass-through Entity** - Michigan Department of Health and Human Services **Finding Type** - Significant deficiency **Repeat Finding** - No **Criteria** - In accordance with 2 CFR 200.331 (a), a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the CFDA number at the time of the subaward and if any of these data elements change, including 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. **Condition** - The subrecipient agreements provided the incorrect CFDA number. All other required elements as outlined in 2 CFR 200.331(a) were included in the agreement. **Questioned Costs** - None **Identification of How Questioned Costs Were Computed** - Not applicable as there are no questioned costs

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-010 (Con't)	**Context** - The County contracts with three subrecipients for WIC each year, and all three agreements included an incorrect CFDA number. **Cause and Effect** - Controls in place did not properly identify that the subrecipient agreements included an incorrect CFDA number. **Recommendation** - We recommend that the County review its procedures and controls to ensure that all information included in subrecipient agreements is accurate. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. The template used to prepare the subrecipient contracts contained a typographical error, resulting in the incorrect CFDA number being communicated to all three subrecipients for WIC. As part of the Total Contract Management (TCM) review process, management will confirm that the CFDA noted in the contract is in accordance with the CFDA number on file.

Reference Number	Finding
2017-011	**CFDA Number, Federal Agency, and Program Name** - 93.224 and 93.527 - Health Resources and Services Administration (HRSA) - Health Center Program Cluster **Federal Award Identification Number and Year** - 3H80CS24135-05-05 and 14H80CS24135 (June 1, 2016 - May 31, 2017) **Pass-through Entity** - N/A - Direct funded **Finding Type** - Material weakness and material noncompliance with laws and regulations **Repeat Finding** - No **Criteria** - Per 2 CFR 200.403 - Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles (b) Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the nonfederal entity (d) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost. (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-011 (Con't)	(f) Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period (g) Be adequately documented. **Condition** - Controls in place did not ensure that only those costs included in the budget justification as federal were reimbursed by the grant. **Questioned Costs** - $51,059 **Identification of How Questioned Costs Were Computed** - Questioned costs represent all expenditures reimbursed by the grant that were not included in the budget justification. **Context** - Based on the budget justification detail, certain expenses were budgeted to be reimbursed with federal funds. The Health Center grant charged and was reimbursed for $51,059 of expenditures, which were not included in the budget justification detail. **Cause and Effect** - Controls in place did not ensure that only those costs included in the budget justification as federal were reimbursed by the grant. **Recommendation** - We recommend that the County review its procedures and controls to ensure the budget justification includes all allowable activities that will be charged to the grant. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. Staff was unaware of changes to the budget, as the expenditures deemed ineligible had been reimbursed in previous years. There was also an issue with accessing the new system that housed the budget justification detail, as the previous director of health, veterans and community wellness was the only person with access. This resulted in $51,059 of unallowable expenditures being reimbursed. Access to budget justification detail has been granted to appropriate personnel. In addition, management will review and approve all drawdowns to ensure only eligible expenditures are reimbursed to the County.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-012	**CFDA Number, Federal Agency, and Program Name** - 93.224 and 93.527 - Health Resources and Services Administration (HRSA) - Health Center Program Cluster **Federal Award Identification Number and Year** - 3H80CS24135-05-05 and 14H80CS24135 (June 1, 2016 - May 31, 2017) **Pass-through Entity** - N/A - Direct funded **Finding Type** - Material weakness **Repeat Finding** - Yes 2016-004 **Criteria** - Per 2 CFR 200.430, compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to, wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation-fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of the nonfederal entity consistently applied to both federal and nonfederal activities; (2) follows an appointment made in accordance with a nonfederal entity's laws and/or rules or written policies and meets the requirements of federal statute, where applicable; and (3) is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable. **Condition** - Controls in place did not ensure that the appropriate time and effort support was maintained for salaries and wages charged to the grant. **Questioned Costs** - None **Identification of How Questioned Costs Were Computed** - Not applicable as there are no questioned costs since compensation was not submitted for reimbursement. **Context** - A total of 50 percent of the director’s salary and related expenses were charged to the grant without adequate time and effort support. As noted in Finding 2017-013, $313,000 of expenditures was not requested timely from HRSA and, therefore, will not be reimbursed. The director's salary was included in the $313,000 and is not included on the SEFA. **Cause and Effect** - Controls in place did not ensure that time and effort support was maintained. The lack of documentation did not conform with the requirements established by with 2 CFR 200.403. **Recommendation** - We recommend that County review its procedures and controls to ensure all salaries and related costs charged to the grant have adequate time and effort support maintained that is consistent with 2 CFR 200.403.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-012 (Con't)	**Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. The FQHC director did not provide adequate support for time charged to the specified grant. To ensure proper allocation of time to grants, the FQHC director will be required to submit monthly time and effort reports to the health, veterans and community wellness finance director. Review and approval will be evidenced by a signature and date.

Reference Number	Finding
2017-013	**CFDA Number, Federal Agency, and Program Name** - 93.224 and 93.527 - Health Resources and Services Administration (HRSA) - Health Center Program Cluster 93.600 - Head Start - Direct Funded - Office of Head Start and Office of the Administration for Children and Families 14.239 - Home Investment Partnership - Direct Funded - U.S. Department of Housing and Urban Development **Federal Award Identification Number and Year** - 93.224/93.527 - Award Numbers 3H80CS24135-05-05 and 14H80CS24135 (June 1, 2016 - May 31, 2017) 93.600 - Award Numbers 05CH010389-01-00 and 05CH8257/16 (April 1, 2016 - March 31, 2017) 14.239 - Award Number M-12-DC260213 (Program year 2012) **Pass-through Entity** - N/A - Direct funded **Finding Type** - Material weakness **Repeat Finding** - No **Criteria** - Per 2 CFR 200.302 (b) (6), an entity must maintain a written policy that implements cash management requirements outlined in 2 CFR 305. In addition, the policy should outline the entity's process for identifying its cash needs and to initiate timely draws for funds expended. **Condition** - Controls in place did not ensure that cash requests were initiated in a timely manner and in accordance with the County's cash management policy issued in accordance with 2 CFR 200.302 (b) (6). **Questioned Costs** - None **Identification of How Questioned Costs Were Computed** - Not applicable as there are no questioned costs

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-013 (Con't)	**Context** - Award numbers 3H80CS24135-05-05 and 14H80CS24135 ended on May 31, 2017. The County has since closed out the grant with the funding agency. Subsequently it was noted that approximately $313,000 of expenditures was incurred, and the County failed to draw down the funds. Award numbers 05CH010389-01-00 and 05CH8257/16 ended March 31, 2017. The County has since closed out the grant with the funding agency. Subsequently it was noted that approximately $163,000 of expenditures was incurred, and the County failed to draw down on the funds. Award number M-12-DC260213. The County did not realize that approximately $124,000 of costs incurred for the year ended September 30, 2017 were not drawn down from HUD. **Cause and Effect** - Controls in place did not ensure that cash requests were initiated in a timely manner, resulting in the County not being reimbursed for approximately $313,000 of health center cluster expenditures and approximately $163,000 of Head Start expenditures. Given that the HOME grant was not closed out, the County subsequently requested reimbursement for approximately $124,000 of expenditures. **Recommendation** - We recommend that the County review its procedures and controls to ensure all cash requests are completed in a timely manner and consistent with 2 CFR 302(b)6, in order to ensure reimbursement. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. Due to the shortage of staff in the health, veterans and community wellness department, the following occurred: 1. Health Center Cluster: The deadline to draw down funds for the specified grants was overlooked by management. Management attempted to remedy this issue by requesting HRSA to carry over the funds to the next fiscal year; however, the request was denied. As a result, approximately $313,000 of expenditures was incurred, for which the County did not receive reimbursement. 2. Head Start: The deadline to draw down funds for the specified grant was overlooked by management. As a result, approximately $163,000 of expenditures was incurred, for which the County did not receive reimbursement. 3. Home Investment Partnership: The deadline to draw down funds for the specified grant was overlooked by management. Given the HOME grant was not closed out as of the testing date, the County subsequently requested reimbursement for $124,000. 4. VOCA: Specialized Advocacy Program (Child Abuse): The September 30, 2016 deferred revenue was not received or deferred again at September 30, 2017 since receipt is expected. This resulted in AR and deferred revenue being understated by $108,000. Starting in May 2018, management plans to implement a new monthly checklist, which will include important due dates and how each staff member is performing against those dates. Each checklist will be reviewed by management and evidenced with a signature and date. In addition, the grants division will modify its current reconciliation process to include the necessary steps to ensure timely drawdowns are made. Lastly, the grants division is currently interviewing candidates to assist specifically with Wayne County, Michigan's grant programs.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-014	**CFDA Number, Federal Agency, and Program Name** - 93.224 and 93.527 - Health Resources and Services Administration (HRSA) - Health Center Program Cluster 93.600 - Head Start - Office of Head Start and Office of the Administration for Children and Families 14.239 - Home Investment Partnership - U.S. Department of Housing and Urban Development **Federal Award Identification Number and Year** - 93.224/93.527 - Award Numbers 3H80CS24135-05-05 and 14H80CS24135 (June 1, 2016 - May 31, 2017) 93.600 - Award Numbers 05CH010389-01-00 and 05CH8257/16 (April 1, 2016 - March 31, 2017) 14.239 - Award Number M-12-DC260213 (program year 2012) **Pass-through Entity** - N/A - Direct funded **Finding Type** - Material weakness **Repeat Finding** - No **Criteria** - Per 2 CFR 200.508 (b), an auditee must prepare appropriate financial statements, including the schedule of expenditures of federal awards, in accordance with §200.510 financial statements. Per 2 CFR 200.510(b), the auditee must also prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with §200.502 basis for determining federal awards expended. **Condition** - Controls in place were not adequate to ensure the SEFA was complete and accurate. **Questioned Costs** - None **Identification of How Questioned Costs Were Computed** - Not applicable as there are no questioned costs **Context** - Audit procedures identified several required adjustments to the September 30, 2017 SEFA and general ledger.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-014 (Con't)	**Cause and Effect** - Controls in place did not ensure that data used by the County to complete the reconciliation of the expenditures per the SEFA to the revenue per the general ledger was accurate, resulting in adjustments to the SEFA and the general ledger. The following adjustments were posted to correct the SEFA and/or general ledger: • The SEFA, AR, and deferred revenue were reduced by approximately $313,000 for 93.224/93.527 - award numbers 3H80CS24135-05-05 and 14H80CS24135, (i.e., Fund 221). • The SEFA, AR, and deferred revenue were reduced by approximately $163,000 for 93.600, award numbers 05CH010389-01-00 & 05CH8257/16, (i.e., Fund 225). • Deferred inflows and grant revenue were increase by approximately $500,000 for 93.600, (i.e., Fund 225). The following errors were not adjusted by the County and resulted in a PAJE: • Fund 250 AR and deferred revenue were understated by approximately $124,000. • Fund 292 AR deferred revenue was understated by approximately $108,000. **Recommendation** - We recommend that County review its procedures and controls to ensure data accumulated to prepare the SEFA is accurate. **Views of Responsible Officials and Corrective Action Plan** - Management agrees with this finding. Due to the shortage of staff in the health, veterans and community wellness department, the following occurred: 1. Health Center Cluster: The deadline to draw down funds for the Health Center grant was overlooked by management. Management attempted to remedy this issue by requesting HRSA to carry over the funds to the next fiscal year; however, the request was denied, and the general ledger was not adjusted to reflect the denial of funds. This resulted in a $313,000 adjustment to the SEFA, AR, and deferred revenue. 2. Head Start: The deadline to draw down funds for Head Start grant was overlooked by management. This resulted in a $163,000 adjustment to the SEFA, AR, and deferred revenue. Furthermore, the $500,000 adjustment to deferred inflows and grant revenue resulted from the correction of an error in the general ledger. 3. Home Investment Partnership: The deadline to draw down funds for the Home Investment Partnership grant was overlooked by management. This resulted in AR and deferred revenue being understated by $124,000. 4. VOCA: Specialized Advocacy Program (Child Abuse): The September 30, 2016 deferred revenue was not received or deferred again at September 30, 2017 since receipt is expected. This resulted in AR and deferred revenue being understated by $108K. The corrective action plan for Finding 2017-013 will resolve the root cause of the referenced finding. In addition, to mitigate this problem going forward and to ensure timely communication of general ledger changes that impact the SEFA, the grants division will require all grant-related journal entries be communicated via carbon copy to a designated email before posting to the general ledger. Journal entries will not be posted until authorized by the grants division.