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# Macomb County, Michigan

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**Federal Awards  
Supplemental Information  
December 31, 2017**

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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, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 25, 2018, which contained an unmodified opinion on the 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 25, 2018.

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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements as a whole.

*Plante & Moran, PLLC*

September 20, 2018

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, 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 June 25, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic 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 basic 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.

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 2017-001, 2017-002, and 2017-003 to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Macomb County, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Commissioners  
Macomb County, Michigan

**County's Response to the Findings**

Macomb County, Michigan'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*

June 25, 2018

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

### 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, 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 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 its major federal programs for the year ended December 31, 2017.

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as Finding 2017-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2017-004 to be a material weakness.

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

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2017-005 to be a significant deficiency.

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 20, 2018

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

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	\$	38,813
National School Lunch Program [After School Snack]	10.555	N/A		10,996
National School Lunch Program	10.555	N/A		61,100
National School Lunch Program [USDA Commodities]	10.555	N/A		<u>13,119</u>
Total Child Nutrition Cluster				124,028
Food Distribution Cluster - Passed Through State Department of Education:				
Emergency Food Assistance Program [Food Distribution]	10.568	N/A		276,532
Emergency Food Assistance Program [Commodities]	10.569	N/A		<u>875,473</u>
Total Food Distribution Cluster				1,152,005
Passed Through State Department of Education - Child and Adult Care Food Program - Head Start	10.558	N/A		440,175
Passed Through State Department of Community Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	IW100342		1,863,843
Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding Peer Counselor	10.557	W500342 & IW100342		86,941
Direct Program - Green Macomb Urban Forest Partnership Implementation	10.675	17-DG-11420004-0027		<u>71,706</u>
Total U.S. Department of Agriculture				3,738,698
U.S. DEPARTMENT OF COMMERCE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:				
Direct Program - Habitat Conservation [Clinton River Spillway]	11.463	NA14NMF4630364		905,463
U.S. DEPARTMENT OF DEFENSE:				
Direct Program - Community Economic Adjustment Assistance for Reductions in Defense Industry Employment	12.611	HQ0051510029	\$	2,171,609
				4,007,979



Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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 HUD:				
CDBG - Entitlement Grants Cluster:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-26-0005		\$ 217,130
Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-26-0005	\$ 386,738	387,033
Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-26-0005	666,854	964,861
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-26-0005	201,700	267,374
HUD Grants Passed Through Other Than State - Community Development Block Grants/Entitlement Grants [CSA Chore Services]	14.218	N/A		<u>72,970</u>
Total CDBG - Entitlement Grants Cluster				1,909,368
Direct Programs:				
Emergency Solutions Grant	14.231	E-14-UC-26-0005		36,225
Emergency Solutions Grant	14.231	E-15-UC-26-0005		57,272
Emergency Solutions Grant	14.231	E-16-UC-26-0005		44,506
Emergency Solutions Grant	14.231	E-17-UC-26-0005		4,650
HUD Homeless	14.235	MI0442L5F031400		6,903
Home Investment Partnership Program	14.239	M-12-DC-26-0209		8,785
Home Investment Partnership Program	14.239	M-13-DC-26-0209		119,391
Home Investment Partnership Program	14.239	M-14-DC-26-0209		892,872
Home Investment Partnership Program	14.239	M-15-DC-26-0209		521,359
Home Investment Partnership Program	14.239	M-16-DC-26-0209		<u>44,176</u>
Total U.S. Department of HUD				3,645,507
U.S. DEPARTMENT OF JUSTICE:				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Program	16.738	2013-DJ-BX-0113		45,245
Edward Byrne Memorial Justice Assistance Program	16.738	2014-DJ-BX-0625	74,539	74,539
Edward Byrne Memorial Justice Assistance Program	16.738	2015-DJ-BX-0840		<u>52,842</u>
Total Edward Byrne Memorial Justice Assistance Program				172,626
Equitable Sharing Program	16.922	N/A		202,696
Passed Through Michigan Department of Community Health - Crime Victim Assistance [Domestic Violence Victim Advocate]	16.575	N/A		<u>150,045</u>
Total U.S. Department of Justice				525,367

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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	ES260561455A26 & ES274971555A26	\$ 848,992	\$ 1,357,825
Workforce Investment Cluster (WIA) - Passed Through Workforce Development Agency - State of Michigan:				
WIOA Adult Program - AY16 Apprenticeship State Accelerator	17.258	N/A		1,420
WIOA Adult Program [MWA Services Center]	17.258	AA267861555A26		110,646
WIOA Adult Program [Apprenticeship Coord]	17.258	N/A		2,285
WIOA Adult Program [Local Admin]	17.258	AA267861555A26		245,350
WIOA Adult Program	17.258	AA267861555A26	170,933	4,017,205
WIOA Youth Activities [MWA Services Center]	17.259	AA267861555A26		120,878
WIOA Youth Activities [Apprenticeship Coord]	17.259	N/A		2,522
WIOA Youth Activities [Apprenticeship Coord DW]	17.259	N/A		3,074
WIOA Youth Activities [Local Admin]	17.259	AA267861555A26		190,038
WIOA Youth Activities	17.259	AA267861555A26	1,698,594	2,897,392
WIOA National Dislocated Worker Grants / WIA National Emergency Grants [Region 6]	17.277	EM258641460A26	111,303	111,303
WIOA National Dislocated Worker Grants / WIA National Emergency Grants [Region 10]	17.277	EM258641460A26	136,119	185,093
WIOA National Dislocated Worker Grants / WIA National Emergency Grants [Sector Partnership]	17.277	EM273571560A26	265,078	791,974
WIOA Dislocated Worker Formula Grants [MWA Services Center]	17.278	AA267861555A26		150,013
WIOA Dislocated Worker Formula Grants [Local Admin]	17.278	AA267861555A26		270,350
WIOA Dislocated Worker Formula Grants - WIA Rapid Response AY13 [Customer Relationship Management]	17.278	AA240991355A26		4,677
WIOA Dislocated Worker Formula Grants	17.278	AA267861555A26	170,933	1,594,630
Total Workforce Investment Act (WIA) Cluster				10,698,850
Direct Program - H-1B Job Training Grant [America's Promise]	17.268	N/A	461,873	486,873
Passed Through Workforce Development Agency - State of Michigan:				
Unemployment Insurance [Reemployment Services & Eligibility Assessment]	17.225	UI281381660A26	89,056	89,056
Unemployment Insurance [State Admin RESEA 2017]	17.225	N/A	136,354	136,354
Trade Adjustment Assistance [Case Management 2009/2011]	17.245	TA252941455A26		613,975
Trade Adjustment Assistance [2009/2011]	17.245	TA252941455A26		702,943
Passed Through State Office of Services to the Aging - Senior Community Service Employment Program	17.235	20163660		684,590
Total U.S. Department of Labor				14,770,466

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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 TRANSPORTATION:				
Highway Safety Cluster - Passed Through Office of Highway Safety Planning:				
State and Community Highway Safety [Operation Nightcap - Belt Enforcement]	20.600	PT 16-24	\$ 122,227	\$ 171,665
Alcohol Impaired Driving Countermeasures Incentive Grants I [Drug Testing]	20.601	N/A		15,000
National Priority Safety Programs - Youth Alcohol Enforcement [OHSP]	20.616	AL-16-23		<u>19,075</u>
Total Highway Safety Cluster				205,740
Highway Planning and Construction Cluster - Passed Through Michigan Department of Transportation:				
Highway Planning and Construction	20.205	N/A		2,526,751
Passed Through Michigan State Police - Emerg Mgmt Div - Interagency Hazardous Materials:				
Public Sector Training and Planning Grants	20.703	HM-HMP-0471-15-01-00		<u>12,242</u>
Total U.S. Department of Transportation				2,744,733
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		22,208
Capitalization Grants for Clean Water State Revolving Funds	66.458	Project #5605-01		469,961
Capitalization Grants for Clean Water State Revolving Funds	66.458	Project #5624-01		<u>297,759</u>
Total Clean Water State Revolving Fund Cluster				789,928
Drinking Water State Revolving Fund Cluster - Passed Through Michigan Department of Environmental Quality (DEQ):				
Capitalization Grants for Drinking Water State Revolving Funds [Non-Community Source Assessment]	66.468	FS975487-14		400
Capitalization Grants for Drinking Water State Revolving Funds [Non-Community (Type II) Water Supply Requirements]	66.468	FS975487-14		<u>1,531</u>
Total Drinking Water State Revolving Fund Cluster				1,931
Direct Program - Great Lakes Program [Macomb County Habitat Restoration]	66.469	GL00E01488		2,393,218
Direct Program - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A		3,179
Passed Through Michigan Department of Environmental Quality (DEQ) - Beach Monitoring and Notification	66.472	CU00E99306		<u>11,000</u>
Total U.S. Environmental Protection Agency				3,199,256

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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 ENERGY:				
Passed Through Michigan Department of Human Services - Weatherization Assistance for Low-Income Persons	81.042	DOE13-50017, NFA #6	\$	646,155
U.S. DEPARTMENT OF EDUCATION:				
Passed Through Michigan Department of Health and Human Services - Race to the Top	84.412	N/A		63,005
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	16-9032-C		130,080
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Outreach]	93.044	16-9032-O		100,974
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Home Injury Control]	93.044	16-9032-J		35,934
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Dementia Adult Day Services]	93.044	16-9032-A		90,533
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers [Medicaid Waiver Payments]	93.044	N/A		30,492
Special Programs for the Aging Title III, Part C Nutrition Service [Congregate Nutrition Programs]	93.045	16-9032-CH		336,219
Special Programs for the Aging Title III, Part C Nutrition Service [Home Delivered Meals]	93.045	16-9032-CH		632,381
Nutrition Services Incentive Program [Home Delivered Meals]	93.053	16-9032-CH		281,600
Nutrition Services Incentive Program [Congregate Nutrition Programs]	93.053	16-9032-CH		<u>57,442</u>
Total Aging Cluster				1,695,655
Medicaid Cluster - Passed Through State Department of Community Health:				
Medical Assistance Program [CSHCS Care Coordination Title V / XIX (PCA 88080)]	93.778	05U05M15ADM		22,500
Medical Assistance Program [CSHCS Case Management Title V / XIX (PCA 89650)]	93.778	N/A		1,814
Medical Assistance Program [OBRA Assessment]	93.778	20161643		538,894
Medical Assistance Program [CSHCS-Medicaid Elevated Blood Case Mgmt]	93.778	N/A		2,621
Medical Assistance Program [Medicaid Outreach]	93.778	05U05M15ADM		110,167
Medical Assistance Program [CSHCS Outreach - Advocacy]	93.778	05U05M15ADM		142,500
Medical Assistance Program [CSHCS Care Coordination Title V / XIX (PCA88050)]	93.778	N/A		<u>3,300</u>
Total Medicaid Cluster				821,796

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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	1601MITANF	\$ 913,458	\$ 5,280,064
Temporary Assistance for Needy Families [PATH Support Services]	93.558	N/A		5,000
Temporary Assistance for Needy Families [SYEP Supportive Services]	93.558	1601MITANF		<u>4,597</u>
Total Temporary Assistance for Needy Families (TANF) Cluster				5,289,661
Direct Program:				
Head Start [Early Head Start]	93.600	05HP0010-01-01		1,864,367
Head Start	93.600	05CH08330-04-01		7,136,662
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	16-9032-EB		18,470
Passed Through State Department of Community Health:				
Public Health Emergency Preparedness - Bioterrorism Program #1590 (9 months)	93.069	NU90TP000528		208,351
Public Health Emergency Preparedness - Cities Readiness Initiative	93.069	NU90TP000528		171,131
Public Health Emergency Preparedness - Volunteer Reserve Center	93.069	N/A		6,000
Public Health Emergency Preparedness - Ebola	93.069	U9OTP000528		21,304
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)				
Aligned Cooperative Agreements - Bioterrorism Program #1590 (3 months)	93.074	NU90TP921906		58,222
Project Grants and Cooperative Agreements for Tuberculosis Control Programs -				
Directly Observed Therapy	93.116	1U52PS00469301		43,066
Projects for Assistance in Transition from Homelessness (PATH) - Contract # 20161363-00 [MITURN]	93.150	2X06SM016023(15)	46,922	46,922
Projects for Assistance in Transition from Homelessness (PATH) - Contract # 20161362-00	93.150	2X06SM016023(15)		27,623
Family Planning Services - General Services	93.217	GFPHPA050173 41		200,471
Immunization Cooperative Agreements - IAP	93.268	H23 CCH522556		128,396
Immunization Cooperative Agreements - AFIX	93.268	N/A		23,150
Immunization Cooperative Agreements - Adjusted Value of Federal Funded Vaccines	93.268	N/A		1,197,275
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - West Nile Community Surveillance	93.323	U20CK000369		6,712
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Zika Virus Community Support	93.323	N/A		8,374
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Zika Virus Mosquito Surveillance	93.323	N/A		9,351
PPHF Capacity Building Assistance to Strengthen Public Health Immunization				
Infrastructure and Performance	93.539	H23IP000752		216,778
HIV Prevention Activities Health Department Based	93.940	U62 PS003671		88,872
Block Grants for Community Mental Health Services - Integrated Health Care [Project # 30050-20298]	93.958	B1MICMHS(15)		175,000
Block Grants for Community Mental Health Services - Technology Based Recovery Support Program [PROJECT# 30050-20308]	93.958	B1MICMHS(15)		175,000
Block Grants for Community Mental Health Services - Liberties North/South Drop in Centers	93.958	N/A		10,000

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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	B1MIMCHS	\$	189,488
Maternal and Child Health Services Block Grant to the States [SIDS Counseling]	93.994	N/A		125
Maternal and Child Health Services Block Grant to the States	93.994	B1MIMCHS		68,940
Maternal and Child Health Services Block Grant to the States [Fetal Infant Mortality Review]	93.994	B1MIMCHS		3,849
Maternal and Child Health Services Block Grant to the States [Public Health Functions & Infratruct (MCH)]	93.994	N/A		15,000
Maternal and Child Health Services Block Grant to the States [CSHCS Care Coordination: Title V Clients (PCA88040)]	93.994	N/A		10,470
Maternal and Child Health Services Block Grant to the States [CSHCS Management Services - Title V (PCA88010)]	93.994	N/A		1,613
Maternal and Child Health Services Block Grant to the States [CSHCS Care Coordination Title V (PCA 88070)]	93.994	B1MIMCHS		22,900
Passed Through Michigan Department of Human Services:				
Child Support Enforcement [Coop Reimbursement Program Incentive]	93.563	CSFOC13-50001-3		1,143,253
Child Support Enforcement [Title IV-D - Prosecuting Attorney]	93.563	CSPA13-50002-1		972,670
Child Support Enforcement [Friend of the Court]	93.563	CSFOC13-50001-3		4,946,434
Low-Income Home Energy Assistance Program	93.568	LIHEAP-13-50017		334,585
Low-Income Home Energy Assistance Program [LCA Deliverable Fuels]	93.568	LCA-13-50017, PCA #32762		2,738
Low-Income Home Energy Assistance Program [MCA MEAP]	93.568	LOA 2015		236,514
Community Services Block Grant [Alcohol/Drug Abuse Mental Health Block Grant]	93.959	N/A	\$ 3,054,679	5,365,731
Community Services Block Grant [General Community Programming]	93.569	CSBG14-50017 PCA# 81105		961,122
Community Services Block Grant [Discretionary EITC]	93.569	CSBG14-50017 NFA # 3, PCA# 81109		50,000
Community Services Block Grant [CAA Administration]	93.569	CSBG14-50017 PCA# 81105		183,012
Passed through Workforce Development Agency - State of Michigan - Chafee Foster Care Independence Program	93.674	1601MICLIP	26,623	58,279
Passed through State Court Administrative Office - Grants to States for Access and Visitation Programs	93.597	SCAO-2016-023		8,250
Passed through Nat'l Assoc. of County & City Health Officials (NACCHO):				
Medical Reserve Corps Small Grant Program [Challenge Award]	93.008	5MRCSG101005-04-00		605
Medical Reserve Corps Small Grant Program [Capacity Building Award]	93.008	5MRCSG101005-04-00		3,739
Passed Through Greater Detroit Area Health Council - State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	5NU58DP005453-02		<u>39,277</u>
Total U.S. Department of Health and Human Services				34,267,203

Schedule of Expenditures of Federal Awards (Continued)

Year Ended December 31, 2017

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	G15SM0002A		\$ 61,032
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Passed Through Michigan Department of State Police:				
Emergency Management Performance Grant - 2017	97.042	N/A		44,624
Homeland Security Grant Program [2016 SHSP]	97.067	N/A	\$ 74,164	126,631
Homeland Security Grant Program [2016 UASI]	97.067	N/A	1,423,852	1,726,595
Homeland Security Grant Program [2016 Stonegarden]	97.067	N/A	12,816	42,979
Homeland Security Grant Program [2015 Stonegarden]	97.067	EMW-2015-SS-00033	14,401	33,650
Homeland Security Grant Program [2015 SHSP]	97.067	EMW-2015-SS-00033	175,182	217,175
Homeland Security Grant Program [2015 UASI]	97.067	EMW-2015-SS-00033	1,904,302	2,353,888
Passed through United Way - Emergency Food and Shelter National Board Program	97.024	474600-010		259,540
Passed through Michigan Department of Natural Resources - Marine Safety Program	97.012	N/A		69,000
Direct Program - Port Security Grant Program	97.056	N/A		415,239
Total U.S. Department Of Homeland Security				<u>5,289,321</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 73,864,185</u>

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended December 31, 2017**

**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, 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 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, as applicable, either the cost principles 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*, 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 minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.



**Schedule of Findings and Questioned Costs**

**Year Ended December 31, 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?   Yes  X  None reported

Noncompliance material to financial statements noted?   Yes  X  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
12.611	Community Economic Adjustment Assistance for Reductions in Defense Industry Employment
17.258, 17.259, 17.277, 17.278	Workforce Investment Act (WIA) Cluster
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$2,215,926

Auditee qualified as low-risk auditee?   Yes  X  No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	<p data-bbox="362 531 769 556"><b>Finding Type</b> - Material weakness</p> <p data-bbox="362 581 1479 638"><b>Criteria</b> - Macomb County, Michigan (the "County") is required to prepare its basic financial statements in accordance with generally accepted accounting principles (GAAP).</p> <p data-bbox="362 663 1479 930"><b>Condition</b> - Instances of non-GAAP accounting methods were identified during the course of the audit, including: (a) inaccurate accounting for bond issuance costs related to a bond refunding transaction; (b) improper expense classification of interest expense within the Department of Public Works; (c) lack of accurate financial reporting related to cash in lieu of benefit option, excise and other taxes on the valuation, and disclosure of pension and other postemployment benefit obligations; (d) misclassification between unrestricted and restricted cash; (e) certain nonprimary cash accounts at decentralized departments that are not recorded on the general ledger; and (f) failure to record realized gains and losses related to commercial paper investments.</p> <p data-bbox="362 955 1479 1012"><b>Context</b> - Subsequent to the commencement of the year-end audit, journal entries were identified, certain reconciliations were revised, and financial statements were amended.</p> <p data-bbox="362 1037 1479 1150"><b>Cause</b> - The County did not have a process in place to ensure a complete 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 1507"><b>Effect</b> - At year end, the effects of the non-GAAP accounting methods were as follows: (a) Expenses were understated by the amount of underwriter's discount. (b) Interest expense in the Department of Public Works was improperly classified as capital outlay expense. (c) The net pension liability was understated by the amount of estimated future benefits related to members of the retiree healthcare plan that may elect to receive cash in lieu of retiree healthcare benefits. In addition, the financial statement disclosures related to the County's net OPEB liability did not consider the impact of future excise taxes. (d) Unrestricted cash was understated by accounts payable related to construction paid for with bond proceeds. (e) Certain cash accounts managed by the prosecutor's office and the clerk/register of deeds for departmental services performed were not recorded on the general ledger. (f) Investment balances related to commercial paper were understated for realized gains accumulated throughout the year.</p> <p data-bbox="362 1533 1479 1619"><b>Recommendation</b> - 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 1644 1479 2001"><b>Views of Responsible Officials and Planned Corrective Actions</b> - County management agrees with this finding regarding each of the noted non-GAAP practices. For noted items (a) and (b), public works and county management are in the process of bringing the Department of Public Works' accounting system onto the County's centralized accounting system. With the Department of Public Works' general ledger on the same system as the rest of the County, county management will be able to better work with the Department of Public Works. For noted issues (c) and (d), county management will communicate these matters to the appropriate system's actuaries so that these items are taken into account when calculating the applicable actuarial liabilities in subsequent actuarial valuations. For matters (e) and (f), county management continues to require that all departments in the County conform with GAAP and ensure that all bank accounts and other cash equivalents are properly recorded on the County's accounting system.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Macomb County, Michigan (the "County") should maintain adequate preventive and detective controls to safeguard financial assets.</p> <p><b>Condition</b> - As initially identified in the finance department's internal audit report and corroborated during the course of the financial statement audit, the following deficiencies were identified in clerk/register of deeds department (the "Clerk's Office"): (a) lack of policy and procedural manuals for cashiering duties and (b) lack of administrative maintenance and segregation of duties over several online collection methods and electronic banking services utilized throughout the Clerk's Office.</p> <p><b>Context</b> - Deficiencies in internal control related to the collection and safeguarding of financial assets and deficiencies related to compliance with applicable data security regulations were identified.</p> <p><b>Cause</b> - The Clerk's Office did not have a process in place to effectively monitor daily personnel functions and review access controls related to online collection methods and other electronic banking services.</p> <p><b>Effect</b> - Based on inquiry with the current administration and review of current control environment over cash and online collections, we did not identify any instances of fraudulent activity or unauthorized transactions. However, it was noted that terminated employees in the department had access to departmental cash accounts through online banking functionality as of the date procedures were performed. Additionally, the absence of written policies and procedures related to internal controls over financial assets potentially impedes review and monitoring of transactions and financial assets. The lack of adequate preventive and detective controls could result in a misappropriation of assets that may not be detected timely.</p> <p><b>Recommendation</b> - The Clerk's Office should implement adequate preventive and detective controls to eliminate or restrict the ability of a single individual to make changes to electronic banking information and initiate disbursements without secondary approval. Access to all online collection and electronic banking accounts should be limited to active employees only. In addition, the Clerk's Office should implement additional levels of review over the cash collection process, including standardizing procedures and processes used by employees. All accounts and collection methods should be communicated to the finance and treasury departments to ensure proper recording and reconciling of accounts within the general ledger.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - County management agrees with this finding, as previously noted in its own internal audit report titled "Internal Audit Report on Revenue Collections at the Macomb County Clerk's Offices of Vital Records and Court Office" dated November 7, 2017. County management will continue to assist the county clerk/register of deeds in establishing appropriate internal controls to address and correct the matters noted above, as well as lesser matters detailed in the aforementioned internal audit report.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-003	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - Macomb County, Michigan (the "County") departments 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><b>Condition</b> - Instances of non-GAAP accounting methods were identified during the course of the audit at the Department of Community Mental Health, including: (a) inappropriate timing of revenue recognition and (b) lack of reconciliations supporting general ledger balances of accounts receivable and accounts payable.</p> <p><b>Context</b> - Subsequent to the commencement of the year-end audit, multiple material journal entries were identified, including an \$11.5 million reduction to revenue, and various balance sheet reconciliations were revised.</p> <p><b>Cause</b> - 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><b>Effect</b> - At year end, revenue was materially overstated and certain reconciliations related to revenue and liabilities were not prepared properly. Additionally, certain payables and related expenses were recorded in the incorrect period.</p> <p><b>Recommendation</b> - Management should strengthen procedures to ensure such instances identified are corrected in the general ledger and financial statements during normal close procedures.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - County management agrees with this finding. The Department of Community Mental Health has experienced significant turnover in the past year, with that turnover including many long-time employees. Unfortunately, as it pertains to year-end closing procedures, institutional knowledge pertaining to year-end closing procedures left the Department of Community Mental Health along with those long-time employees. The internal closing deadline for all September year-end funds at the County is 75 days after year end. The departure of several long-tenured employees required Community Mental Health management to request, which ultimately resulted in closing their books only three business days before the County's onsite external financial audit began.</p> <p>In future years, the Department of Community Mental Health management will strive to better meet internal deadlines established by county management so that county management has ample time to fully review the final accounting records of the Department of Community Mental Health.</p>

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended December 31, 2017**

**Section III - Federal Program Audit Findings**

Reference Number	Finding	Questioned Costs
2017-004	<p><b>CFDA Number, Federal Agency, and Program Name -</b>                      97.067 Homeland Security Grant Program                      12.611 Community Economic Adjustment Assistance for Reductions in Defense Industry Employment</p> <p><b>Federal Award Identification Number and Year -</b> 97.067 - EMW-2015-SS-00033; 12.611 - HQ0051510029</p> <p><b>Pass-through Entity -</b> 97.067 - Michigan Department of State Police; 12.611 - N/A</p> <p><b>Finding Type -</b> Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding -</b> No</p> <p><b>Criteria -</b> On December 26, 2014, the administrative rules and cost principles outlined in the Uniform Guidance (2 CFR 200 subparts A through E) became applicable for new awards or increments of awards issue on or after this date.</p> <p>2 CFR 200.331 outlines the requirements for pass-through entities. All pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward, and if any of these data elements change, includes 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.</p> <p>Additionally, 2 CFR 200.331, outlines subrecipient monitoring requirements, which include the requirement to maintain a written policy on subrecipient risk assessment and evaluate each subrecipient's risk of noncompliance based on its policy.</p> <p><b>Condition -</b> As part of the audit, subrecipients were selected to review the adequacy of the County's subrecipient monitoring procedures.</p> <p>Per 2 CFR 200.331, the agreements with subrecipients must include certain elements and the entity must maintain a subrecipient risk assessment policy. The County passes through approximately 95 percent of Homeland Security funds and approximately 55 percent of Community Economic Adjustment Assistance funds to subrecipients. Plante &amp; Moran, PLLC noted that the interlocal agency agreements do not include all the elements outlined in Uniform Guidance.</p> <p>Additionally, the County did not create and maintain a written subrecipient risk assessment policy and necessary documentation to support the analysis of the subrecipients' risk of noncompliance.</p>	None
	<p><b>Questioned Costs -</b> N/A</p> <p><b>Identification of How Questioned Costs Were Computed -</b> Not applicable as no questioned costs were identified.</p>	

**Macomb County, Michigan**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended December 31, 2017**

**Section III - Federal Program Audit Findings (Continued)**

Reference Number	Finding	Questioned Costs
2017-004 (continued)	<p><b>Context</b> - While the County implemented the Uniform Guidance regulations on the effective date, the lack of adherence to prescribed UG wording, lack of certain required subrecipient risk assessments, and the missing subrecipient agreement components caused the County to not fully comply with the Uniform Guidance requirements.</p> <p><b>Cause and Effect</b> - The controls in place did not ensure that the County implemented all requirements under the Uniform Guidance. As a result, certain requirements were missed.</p> <p><b>Recommendation</b> - We recommend that Macomb County, Michigan review its procedures and controls to ensure all required wording outlined in the Uniform Guidance is included in certifications and subrecipient risk assessments are maintained. Subrecipient agreements should properly reflect all required elements prescribed by 2 CFR 200.331.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - Management will work with the department head to identify all requirements under the Uniform Guidance to ensure we have all required policies in place.</p>	

Reference Number	Finding	Questioned Costs
2017-005	<p><b>CFDA Number, Federal Agency, and Program Name</b> - 12.611 Community Economic Adjustment Assistance for Reductions in Defense Industry Employment</p> <p><b>Federal Award Identification Number and Year</b> - HQ0051510029</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Significant deficiency</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.302, <i>Financial Management</i>, the financial management system of the nonfederal entity must provide records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.</p> <p>Additionally, reimbursement requests should be reconciled to the accounting records to ensure that the County is drawing down for expenditures incurred.</p>	None

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended December 31, 2017**

**Section III - Federal Program Audit Findings (Continued)**

Reference Number	Finding	Questioned Costs
2017-005 (continued)	<p><b>Condition</b> - During testing of reporting and cash management, it was identified that the County's financial reports and reimbursement requests did not always tie directly to the accounting records supporting the audited financial statements as a result of timing differences between when the reports were prepared and when costs were entered into the general ledger. The County's controls also did not ensure that costs reported and requested for reimbursement agreed with accounting records on an individual report basis and were paid prior to requesting reimbursement.</p> <p><b>Questioned Costs</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - Not applicable as no questioned costs were identified.</p> <p><b>Context</b> - While the County does prepare financial reports and reimbursement requests based on known costs incurred, we were unable to tie amounts reported directly to accounting records. Additionally, while the County does review its reports and reimbursement requests, it is not being properly reviewed for certain criteria, such as mathematical accuracy, to ensure amounts are properly supported by the general ledger, and to ensure costs requested for reimbursement have been paid prior to submitting for reimbursement.</p> <p><b>Cause and Effect</b> - The controls in place did not ensure that the County's financial reports and reimbursement requests are supported by accounting records and that payments have been made prior to requesting reimbursement.</p> <p><b>Recommendation</b> - We recommend that Macomb County, Michigan review its procedures and controls to ensure all expenditures reported are supported by the general ledger and that costs have been paid prior to requesting reimbursement. Subsequent to the year end, it was noted improvements were made to mitigate the deficiency.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Management will work with the department head to identify all requirements under the program and Uniform Guidance to ensure we have all required policies and procedures in place.</p>	