

COUNTY OF
SAGINAW,
MICHIGAN



Year Ended
September 30,
2022

Single Audit Act
Compliance

Rehmann

COUNTY OF SAGINAW, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

June 30, 2023

Board of Commissioners
County of Saginaw
Saginaw, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Saginaw, Michigan** (the "County") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 31, 2023, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Johnson LLC



COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
Non-cash assistance (commodities):					
Entitlement Commodities	10.555	MDE	730008002	\$ -	\$ 7,689
Cash assistance:					
National School Lunch Program:					
Children's Facility	10.555	MDE	730008002	-	48,134
				-	55,823
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):					
Women and Infant Care	10.557	MDHHS	N/A	-	781,497
Women and Infant Care - Breastfeeding	10.557	MDHHS	N/A	-	82,996
				-	864,493
SNAP Cluster:					
State Admin Match Grants for the SNAP	10.561	LEO	202020Q8750342	68,448	103,760
SAM-Grants-SNAP-50%FED/50%GF	10.561	LEO	202020Q252042	1,641	1,641
				70,089	105,401
Total U.S. Department of Agriculture				70,089	1,025,717
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.606	Direct	N/A	-	6,081
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:					
Edward Byrne Memorial JAG Program	16.738	Direct	2019-DJ-BX-0929	-	20,674
Edward Byrne Memorial JAG Program	16.738	Direct	2020-DJ-BX-0489	-	46,280
Edward Byrne Memorial JAG Program	16.738	SCAO	22-25318	-	82,969
				-	149,923
Total U.S. Department of Justice				-	156,004
U.S. Department of Labor					
Employment Services Cluster:					
Clean Slate Pilot Program	17.207	LEO	ES334001955A26	682,666	1,053,595
Employment Service	17.207	LEO	ES334001955A26	33,033	33,294
				715,699	1,086,889
Reemployment Services and Eligibility Assessment Program:					
UIA Admin. RESEA	17.225	LEO	UI328461960A26	78,082	78,082
Trade Adjustment Assistance:					
Trade Case Management	17.245	LEO	TA317061855A26	242,611	276,190
Workforce Innovation and Opportunity Act (WIOA) Cluster:					
Workforce Innovation and Opportunity Act - Adult					
	17.258	LEO	AA321961855A26	1,580,776	1,859,206
Workforce Innovation and Opportunity Act - SWA Career Ex Events					
	17.258	LEO	AA321961855A26	-	6,040
Workforce Innovation and Opportunity Act - SWA High Concentration Youth					
	17.258	LEO	AA321961855A26	5,365	5,365

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (Concluded)					
Workforce Innovation and Opportunity Act (WIOA) Cluster (Concluded):					
Workforce Innovation and Opportunity Act - Administration	17.258	LEO	AA321961855A26	\$ -	\$ 213,153
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.258	LEO	AA321961855A26	-	10,334
Workforce Innovation and Opportunity Act - SWA Summer Young Professionals	17.258	LEO	AA332361955A26	<u>62,901</u>	<u>71,772</u>
				<u>1,649,042</u>	<u>2,165,870</u>
Workforce Innovation and Opportunity Act - Youth	17.259	LEO	AA321961855A26	1,287,255	1,586,027
Workforce Innovation and Opportunity Act - SWA Career Ex Events	17.259	LEO	AA321961855A26	-	6,606
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.259	LEO	AA321961855A26	5,868	5,868
Workforce Innovation and Opportunity Act - Administration	17.259	LEO	AA321961855A26	-	233,136
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.259	LEO	AA321961855A26	-	11,303
Workforce Innovation and Opportunity Act - SWA Summer Young Professionals	17.259	LEO	AA332361955A26	<u>68,798</u>	<u>78,501</u>
				<u>1,361,921</u>	<u>1,921,441</u>
Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	LEO	AA332361955A26	649,637	894,351
Workforce Innovation and Opportunity Act - SWA Career Ex Events	17.278	LEO	AA332361955A26	-	6,228
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.278	LEO	AA332361955A26	5,533	5,533
Workforce Innovation and Opportunity Act - Administration	17.278	LEO	AA332361955A26	-	219,814
WIA RR CRM	17.278	LEO	AA332361955A26	-	6,610
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.278	LEO	AA332361955A26	-	11,621
Workforce Innovation and Opportunity Act - SWA Summer Young Professionals	17.278	LEO	AA332361955A26	<u>64,866</u>	<u>74,015</u>
				<u>720,036</u>	<u>1,218,172</u>
				<u>3,730,999</u>	<u>5,305,483</u>
COVID-19 - WIOA DW NEG COVID-19 Disaster Recovery	17.277	LEO	DW3490626060A26	-	61,039
Apprenticeship USA Grants	17.285	LEO	AO334931960A26	-	37,500
Total U.S. Department of Labor				<u>4,767,391</u>	<u>6,845,183</u>
U.S. Department of Transportation					
Rural Transit Assistance Program (RTAP)	20.509	MPTA	N/A	-	1,277
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant - DWI Sobriety Court	20.601	SCAO	22-25399	-	45,245
Total U.S. Department of Transportation				-	<u>46,522</u>

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Treasury					
COVID-19 Coronavirus Relief Funds:					
Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act, Airport Coronavirus Response Grant Program (ACRGP)	21.019	Treasury	N/A	\$ -	\$ 13,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	Direct	N/A	-	4,679,955
Total U.S. Department of Treasury				-	4,692,955
U.S. Small Business Administration					
COVID-19 - Shuttered Venue Operators Grant	59.075	Direct	SBAHQ21SV012087	-	417,780
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	EGLE	FS975487-20	-	1,174
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:					
Evidence Based Programs	93.043	MOAS	N/A	-	13,890
Aging Cluster:					
Case Coordination and Support	93.044	MOAS	N/A	-	100,092
Case Coordination and Support - In-Home Support Services	93.044	MOAS	N/A	-	48,386
Outreach	93.044	MOAS	N/A	-	19,156
Transportation	93.044	MOAS	N/A	-	5,486
Senior Center Staffing - MO	93.044	MOAS	N/A	-	10,512
Senior Center Staffing	93.044	MOAS	N/A	-	19,000
Senior Center Operations	93.044	MOAS	N/A	-	13,000
				-	215,632
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	-	198,784
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	-	203,712
Nutrition - Title III C-2 - CAA-HDM	93.045	MOAS	N/A	-	74,167
				-	476,663
Nutrition Services Incentive Program Congregate	93.053	MOAS	N/A	-	40,874
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	-	120,079
				-	160,953
				-	853,248
National Family Caregiver Support, Title III, Part E:					
Title III E Kinship Care	93.052	MOAS	N/A	-	5,124
National Family Caregiver Support Program	93.052	MOAS	N/A	-	50,173
Supplemental funds - Title III E	93.052	MOAS	N/A	-	14,804
				-	70,101
Public Health Emergency Preparedness:					
PHEP - Bioterrorism Nine	93.069	MDHHS	20220361	-	103,155
PHEP - Laboratory Services Bio	93.069	MDHHS	20220361	-	500
Hospital Preparedness Program:					
Capacity Bldg Assist - Bioterrorism Three	93.069	MDHHS	20220361	-	34,489
				-	138,144

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Tuberculosis Control	93.116	MDHHS	20220361	\$ -	\$ 2,175
U4 Tuberculosis Services	93.116	MDHHS	20220361	-	390
				-	2,565
Family Planning Services	93.217	MDHHS	20220361	-	149,481
Region V Public Health Training Center	93.249	RUM	18-3724056	10,000	10,000
Immunization Cooperation Agreements:					
Immunizations - IAP	93.268	MDHHS	20220361	-	86,317
Federally Funded Vaccines	93.268	MDHHS	20220361	-	144,655
CSHCS Vaccine Initiative	93.268	MDHHS	20220361	-	2,657
Immunization Fixed Fees	93.268	MDHHS	20220361	-	350
COVID-19 - COVID Immunizations	93.268	MDHHS	20220361	-	516,644
				-	750,623
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):					
COVID-19 - ELC COVID-19 Infection Prevention	93.323	MDHHS	20220210	-	135,000
COVID-19 - ELC Contact Tracing and Wraparound	93.323	MDHHS	20220210	-	447,009
COVID-19 - ELC COVID-19 Regional Lab	93.323	MDHHS	20220210	-	582,420
COVID-19 - Reopening Schools - HRA	93.323	MDHHS	20220210	-	382,688
				-	1,547,117
Public Health Crisis Response - Coronavirus:					
COVID-19 - PHEP - COVID-19 Workforce Development	93.354	MDHHS	20220210	-	19,623
Temporary Assistance for Needy Families:					
TANF - JET Supportive Services Type E	93.558	LEO	2201MITANF	80,454	80,454
TANF - JET Type T	93.558	LEO	2201MITANF	2,623,072	4,313,367
				2,703,526	4,393,821
Child Enforcement Support:					
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHHS	CSFOC-17-73001	-	298,918
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHHS	CSFOC-17-73001	-	2,958,533
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHHS	CSPA-17-73002	-	572,372
				-	3,829,823
Federal Access and Visitation	93.597	SCAO	SCAO-2022-025	-	4,300
Foster Care Title IV-E:					
Child and Parent Legal Representation (CPLR) - 2021	93.658	MDHHS	E20213253	-	82,813
Child and Parent Legal Representation (CPLR) - 2022	93.658	MDHHS	E20223976	-	47,187
				-	130,000
Medicaid Cluster:					
CSHCS Care Coordination	93.778	MDHHS	20220361	-	1,609
CSHCS Outreach & Advocacy	93.778	MDHHS	20220361	-	49,433
CSHCS Elevated Blood Level	93.778	MDHHS	20220361	-	660
POS Waiver	93.778	MOAS	N/A	-	69,100
				-	120,802
Opioid STR:					
Harm Education Support Services	93.788	MDHHS	20220361	-	30,941
ACA - Maternal, Infant & Early Childhood Home Visiting Cluster					
COVID-19 - American Rescue Plan	93.870	MDHHS	20220210	-	13,781
NFP (Nurse Family Partnership)	93.870	MDHHS	20220361	-	255,763
				-	269,544

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
HIV Prevention Activities Health Department Based: HIV Prevention	93.940	MDHHS	20220361	\$ -	\$ 542
Preventative Health and Health Services Block Grant: Family Planning Services	93.991	MDHHS	20220361	-	10,000
Maternal and Child Health Services Block Grant: Preventative Health and Health Services Block Grant	93.994	MDHHS	20220361	-	10,008
Enabling Services Children-MCH	93.994	MDHHS	20220361	-	157,447
CSHCS Care Coordination	93.994	MDHHS	20220361	-	1,309
Public Health Functions & Infrastructure	93.994	MDHHS	20220361	-	39,465
				-	208,229
Total U.S. Department of Health and Human Services				<u>2,713,526</u>	<u>12,552,794</u>
Corporation for National and Community Service					
Foster Grandparent/Senior Companion Cluster: Foster Grandparent Program	94.011	Direct	13SFNMI006	-	290,335
U.S. Department of Homeland Security					
Marine Safety Program	97.012	MDNR	MSR-MS22-063-014	-	6,500
Emergency Food and Shelter: National Board Program	97.024	UWSC	481400-005	-	1,720
COVID-19 - Public Assistance Grant - COVID Immunizations	97.036	MDHHS	FEMA-4494-DR-MI-PA	-	186,471
COVID-19 - Public Assistance Grant - MI Coronavirus Disaster	97.036	MDHHS	FEMA-4494-DR-MI-PA	-	26,993
COVID-19 - Public Assistance Grant - Emergency Protective Measur	97.036	MSP	FEMA-4547-DR-MI-PA	-	7,107
Public Assistance Grant - Imerman Park	97.036	MSP	FEMA-4547-DR-MI-PA	-	2,607
				-	223,178
Emergency Management Performance Grant	97.042	MSP	EMC-2022-EP-00001	-	60,246
3rd District Regional Homeland Security Grant	97.067	Midland	EMW-2019-SS-00021	-	27,275
3rd District Regional Homeland Security Grant	97.067	Midland	EMW-2020-SS-00044-S01	-	9,674
				-	36,949
Total U.S. Department of Homeland Security				-	<u>328,593</u>
Total Expenditures of Federal Awards				<u>\$ 7,551,006</u>	<u>\$ 26,357,057</u>

concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF SAGINAW, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the **County of Saginaw, Michigan** (the "County") under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented when available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
LEO	Labor and Economic Opportunity
MIDLAND	Midland County, Michigan
MDE	Michigan Department of Education
EGLE	Michigan Department of Environment, Great Lakes & Energy
Treasury	Michigan Department of Treasury
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MOAS	Michigan Office of Aging Services
MPTA	Michigan Public Transit Association
MSP	Michigan State Police
RUM	Regents of U of M
SCAO	State Court Administrative Office
UWSC	United Way of Saginaw County



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

March 31, 2023

Board of Commissioners
County of Saginaw
Saginaw, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Saginaw, Michigan** (the "County"), as of and for the year ended September 30, 2022, 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 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the Saginaw County Road Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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) as a basis for designing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.



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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Saginaw's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobson LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 30, 2023

Board of Commissioners
County of Saginaw
Saginaw, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the **County of Saginaw, Michigan** (the "County") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2022. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X yes _____ no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.563	Child Support Enforcement	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 790,712

Auditee qualified as low-risk auditee?

X yes _____ no

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 - Cash and Investment Reconciliations (repeat)

Finding Type: Significant Deficiency in Internal Control over Financial Reporting

Criteria. The State of Michigan requires that that bank reconciliations be completed within six weeks of each month end and also at year end. This is also an important part of ensuring effective control over the County's assets. The County should maintain a complete list of all bank and investment accounts as well as all certificates of deposit ("CD"). In addition, the County should ensure the interest allocation and fair market value adjustments are posted timely but no later than the start of the audit.

Condition. During the audit, multiple versions of the General account, Inmate Trust account and the 70th District State Court reconciliations were provided in order to reconcile the end of the year cash. There were also delays in receiving bank and investment reconciliations, which were provided throughout the audit with the last one provided on March 14, 2023. Further, there were many bank reconciliations that lacked documentation of preparation and review as evidence by initials and date. Lastly, the interest and fair market value allocation was not completed for the fiscal year until late February 2023.

Cause. This condition was a result of the Treasurer's department not performing bank and investment reconciliations for all accounts held by the County on a timely basis. In addition, the Treasurer's department did not perform the interest and fair market value allocation function, which is necessary to reconcile all of the accounts.

Effect. As a result of this condition, the County has not complied with the State of Michigan requirements or the County policy related to timely completion of bank reconciliations for certain bank and investment accounts and the interest and fair market value allocation was not performed until five and a half months after the fiscal year ended, which also caused significant delays in the audit process.

Recommendation. We recommend that the County review and update accordingly the written policy for complying with the State of Michigan's bank reconciliation and accrued interest and fair market value calculation policy and communicate this policy to all County employees that are responsible for performing bank and investment reconciliations. In addition, the County should maintain a complete list of bank, investment and CD accounts that it holds and ensure to update this list each time a change in account is made. We also recommend that the County review their interest and fair market value allocation process to ensure this is completed timely.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

View of Responsible Officials. The Treasurer's office understands the importance of timely bank reconciliation and interest allocation. The office will create a compiled list of all bank reconciliations and investments in a format that the auditors used. We will inquire with the auditor the format they use to pool the accounts and maintain the same format throughout the year. Interest allocation will be timely. By June 30, 2023 we will be in compliance with state statute for timely reconciliation and allocation of interest. It will be communicated to all staff and personnel that work with bank reconciliation and investment reconciliations the importance of following the policy of timely work.

In closing, the challenges posed by the implementation of Munis, our new financial software system, created a learning curve trying to figure out where to find the numbers and what format to best reconcile bank accounts. We feel more comfortable that we have learned how to navigate using the system.

The 70th District Court has transitioned to a new case management system, one that did not have a District Court module already developed. The financial portion was not completed prior to the implementation of the system; and therefore, financial information was not converted into the new system correctly and was not properly handling the financials. This came to our attention only when we attempted to complete our month-end process for the first time in July 2022. While we were able to process June with the assistance of the vendor, we found several more issues when trying to continue with July of 2022. These issues are taking time to identify and rectify and need the assistance of the vendor. While we are able to determine the amount of the money that needs to be disbursed, we are unable to determine the specific amount of money to disburse to each line item/recipient.

The 70th District Court expects to be able to complete the reconciliations by the end of April, 2023; which wholly depends on the availability of the vendor to work on fixing the outstanding issues.

Once the 70th District Court has identified and resolved the issues with the financials, we will be able to perform our month-end process timely. We have yet to receive the steps we need to follow from the Vendor to complete our month-end process. Once we are able to complete a month-end process from beginning to end with success, we will be able to devise our new processes and steps.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-002 – Failure to Check Vendors/Subrecipients for Potential Suspension and Debarment

Finding Type. Immaterial Noncompliance (Procurement, Suspension and Debarment).

Programs. Coronavirus State and Local Fiscal Recovery Funds; ALN 21.027.

Criteria. A recipient of federal awards is required to determine that vendors being paid with federal funds are not suspended or debarred from doing business with the federal government by searching the vendor on Sam.gov. Such procedures are required whenever the amount disbursed to a single vendor in a given fiscal year is expected to be at least \$25,000. These requirements are also applicable for subrecipients, regardless of the amount passed through.

Condition. The County did not complete the process of checking Sam.gov for each vendor with disbursements over \$25,000.

Cause. This condition appears to have been caused by a lack of complete knowledge of applicable federal compliance requirements.

Effect. As a result of this condition, the County was exposed to an increased risk that disbursements of federal awards could be made to vendors or subrecipients suspended or debarred by the federal government.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as none of the vendors or subrecipients involved were actually suspended or debarred.

Recommendation. We recommend that all employees administering federal grants and having primary responsibility for compliance with grant requirements be provided the necessary training and supervision to be able to identify and comply with such requirements.

View of Responsible Officials. In the County's attempt to address this finding through a centralized method of suspension/debarment verification, it was found that only vendor-specific requests can be made in the Federal system, as the Federal government does not allow vendor searches by tax identification number to be performed due to tax identification security concerns. As a result, the County will ensure that all vendors that receive over \$25,000 in federal dollars will go through a verification process to determine that the vendor has not been suspended or debarred.



COUNTY OF SAGINAW, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2022

2021-001 - Cash and Investment Reconciliation (Repeat)

The audit identified that the Treasurer's department was not performing bank and investment reconciliations for all accounts held by the County on a timely basis and a current list of all accounts was not maintained or updated as of year end. In addition, the Treasurer's department did not perform the monthly interest allocation function, which is necessary to reconcile all of the accounts. This matter was repeated as finding 2022-001.





COUNTY OF SAGINAW

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

Controller's Office

June 30, 2023

RE: Corrective Action Plan for Saginaw County 2022 Financial Statement and Single Audit

To Whom it May Concern:

As identified in our FY 2022 Financial Statement Audit and our FY 2022 Single Audit Act Compliance report, the County had two findings identified which require a Corrective Action Plan.

The findings and respective Corrective Action Plans are outlined as follows:

2022-001 – Cash and Investment Reconciliations

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

Auditor Description of Condition and Effect: During the audit, multiple versions of the General account, Inmate Trust account and the 70th District State Court reconciliations were provided in order to reconcile the end of the year cash. There were also delays in receiving bank and investment reconciliations, which were provided throughout the audit with the last one provided on March 14, 2023. Further, there were many bank reconciliations that lacked documentation of preparation and review as evidence by initials and date. Lastly, the interest and fair market value allocation was not completed for the fiscal year until late February 2023. As a result of this condition, the County has not complied with the State of Michigan requirements or the County policy related to timely completion of bank reconciliations for certain bank and investment accounts and the interest and fair market value allocation was not performed until five and a half months after the fiscal year ended, which also caused significant delays in the audit process.

Auditor Recommendation: We recommend that the County review and update accordingly the written policy for complying with the State of Michigan's bank reconciliation and accrued interest and fair market value calculation policy and communicate this policy to all County employees that are responsible for performing bank and investment reconciliations. In addition, the County should maintain a complete list of bank, investment and CD accounts that it holds and ensure to update this list each time a change in account is made. We also recommend that the County review their interest and fair market value allocation process to ensure this is completed timely.

PHONE (989) 790-5210

Corrective Action Plan and View of Responsible Officials: The Treasurer's office understands the importance of timely bank reconciliation and interest allocation. The office will create a compiled list of all bank reconciliations and investments in a format that the auditors used. We will inquire with the auditor the format they use to pool the accounts and maintain the same format throughout the year. Interest allocation will be timely. By June 30, 2023 we will be in compliance with state statute for timely reconciliation and allocation of interest. It will be communicated to all staff and personnel that work with bank reconciliation and investment reconciliations the importance of following the policy of timely work.

In closing, the challenges posed by the implementation of Munis, our new financial software system, created a learning curve trying to figure out where to find the numbers and what format to best reconcile bank accounts. We feel more comfortable that we have learned how to navigate using the system.

The 70th District Court has transitioned to a new case management system, one that did not have a District Court module already developed. The financial portion was not completed prior to the implementation of the system; and therefore, financial information was not converted into the new system correctly and was not properly handling the financials. This came to our attention only when we attempted to complete our month-end process for the first time in July 2022. While we were able to process June with the assistance of the vendor, we found several more issues when trying to continue with July of 2022. These issues are taking time to identify and rectify and need the assistance of the vendor. While we are able to determine the amount of the money that needs to be disbursed, we are unable to determine the specific amount of money to disburse to each line item/recipient.

The 70th District Court expects to be able to complete the reconciliations by the end of April, 2023; which wholly depends on the availability of the vendor to work on fixing the outstanding issues.

Once the 70th District Court has identified and resolved the issues with the financials, we will be able to perform our month-end process timely. We have yet to receive the steps we need to follow from the Vendor to complete our month-end process. Once we are able to complete a month-end process from beginning to end with success, we will be able to devise our new processes and steps.

Responsible Person: Tim Novak, County Treasurer, in conjunction with his staff and other departments that perform bank reconciliations.

Anticipated Completion Date: September 30, 2023.

2022-002 – Failure to Check Vendor/Subrecipients for Potential Suspension and Debarment

Finding Type: Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Procurement, Suspension and Debarment).

Auditor Description of Condition and Effect: A recipient of federal awards is required to determine that vendors being paid with federal funds are not suspended or debarred from doing business with the federal government by searching the vendor on Sam.gov. Such procedures are required whenever the amount disbursed to a single vendor in a given fiscal year is expected to be at least \$25,000. These requirements are also applicable for subrecipients, regardless of the amount passed through. The County did not complete the process of checking SAM.gov for each vendor with disbursements over \$25,000. As a result of this condition, the County was exposed to an increased risk that disbursements of federal awards could be made to vendors or subrecipients suspended or debarred by the federal government.

Questioned Costs: No costs were required to be questioned as a result of this finding, inasmuch as none of the vendors or subrecipients involved were actually suspended or debarred.

Auditor Recommendation: We recommend that all employees administering federal grants and having primary responsibility for compliance with grant requirements be provided the necessary training and supervision to be able to identify and comply with such requirements.

View of Responsible Officials: In the County's attempt to address this finding through a centralized method of suspension/debarment verification, it was found that only vendor-specific requests can be made in the Federal system, as the Federal government does not allow vendor searches by tax identification number to be performed due to tax identification security concerns. As a result, the County will ensure that all vendors that receive over \$25,000 in federal dollars will through a verification to determine that the vendor has not been suspended or debarred.

Corrective Action: A process is being developed for departments to perform necessary verifications of potential vendors and subrecipients, with centralized storage of verification documentation.

Responsible Person: Koren Thurston, Finance Director, in cooperation with departments receiving federal awards.

Anticipated Completion Date: September 30, 2023.

Respectfully submitted,



Koren A. Thurston, CPA
Finance Director
(989) 790-5218