

Washtenaw  
County



Year Ended  
December 31,  
2012

Single Audit Act  
Compliance

# Washtenaw County

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INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

March 26, 2013

Board of Commissioners  
Washtenaw County  
Ann Arbor, 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 *Washtenaw County, Michigan*, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 26, 2013. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



# Washtenaw County

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	SM-4213-C	\$ 32,858
National School Lunch	10.555	MDE	SM-4213-C	109,192
Commodities (non-cash assistance)	10.555	MDE	N/A	6,833
				<u>148,883</u>
ARRA - Supplemental Nutrition Assistance Program	10.551	MDE	615431S	<u>33,270</u>
Woman, Infants and Children	10.557	MDCH	IW100342	922,897
Woman, Infants and Children - Peer Counselor	10.557	MDCH	IW100342	108,006
				<u>1,030,903</u>
Child and Adult Care Food Program	10.558	MDE	N/A	<u>22,943</u>
<b>Total U.S. Department of Agriculture</b>				<u><b>1,235,999</b></u>
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant/Entitlement Grant Cluster:				
2009 Community Development Block Grant	14.218	Direct	N/A	134,041
2010 Community Development Block Grant	14.218	Direct	N/A	480,880
2011 Community Development Block Grant	14.218	Direct	N/A	716,661
2012 Community Development Block Grant	14.218	Direct	N/A	308,865
ARRA - Neighborhood Stabilization Program (NSP)	14.218	Direct	N/A	162,622
ARRA - MSHDA - NSP	14.218	AA	10-0066	309
ARRA - Community Development Block Grant - R	14.253	Direct	N/A	31,704
ARRA - Community Development Block Grant - R	14.253	AA	10-0066	253
				<u>1,835,335</u>
Emergency Shelter Grants Program:				
2011 Emergency Shelter Grants Program	14.231	Direct	N/A	95,110
2012 Emergency Shelter Grants Program	14.231	Direct	N/A	9,145
				<u>104,255</u>
2011 Emergency Shelter Grants Program	14.231	MSHDA	HML-2011-0783-ESF	282,861
2012 Emergency Shelter Grants Program	14.231	MSHDA	HML-2012-0783-ESF	24,970
				<u>307,831</u>
Housing Development Grant	14.231	MSHDA	HDF-230	<u>19</u>
Supportive Housing Program:				
2011 Supportive Housing Program	14.235	SOS	MI0214B5F-091003	59,392
2012 Supportive Housing Program	14.235	SOS	MI0214B5F-091104	72,329
				<u>131,721</u>
Home Investment Partnership Program:				
2008 HOME Investment Partnerships Program	14.239	Direct	N/A	44,717
2009 HOME Investment Partnerships Program	14.239	Direct	N/A	164,475
2010 HOME Investment Partnerships Program	14.239	Direct	N/A	113,887
2011 HOME Investment Partnerships Program	14.239	Direct	N/A	327,786
2012 HOME Investment Partnerships Program	14.239	Direct	N/A	71,031
				<u>721,896</u>

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# Washtenaw County

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development (Concluded)				
Homeless Prevention and Rapid Re-housing	14.257	SAWC	N/A	\$ 456
Community Challenge Planning Grant	14.704	Direct	CCPMI0057-11	174,743
<b>Total U.S. Department of Housing and Urban Development</b>				<b>3,276,256</b>
U.S. Department of Justice				
JAG Program Cluster:				
ARRA - Byrne Justice Assistance Grant	16.738	Direct	2009-SU-B9-2028	84,330
ARRA - Byrne - Justice Assistance Grant Stimulus	16.803	Direct	2009-SU-B9-0017	102,079
				<u>186,409</u>
Juvenile Accountability Incentive Block Grants	16.523	MDHS	JAIBG-11-81001	12,236
Juvenile Justice and Delinquency Prevention	16.540	MDHS	431B9200711	117,063
Violence Against Women	16.590	Direct	2005-WE-AX-0064	181,836
Bureau of Justice	16.745	Direct	2009-MO-BX-0014	61,529
<b>Total U.S. Department of Justice</b>				<b>559,073</b>
U.S. Department of Transportation				
Highway Planning and Construction - Safe Routes to School	20.205	MOHSP	N/A	7,860
Drive Michigan Safely - Safe Communities	20.600	MOHSP	PT-10-31	141,733
<b>Total U.S. Department of Transportation</b>				<b>149,593</b>
U.S. Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds:				
Allen Creek - Projects 5511-01	66.458	MDEQ	N/A	206,357
Allen Creek - Projects 5470.01 and 5470.02	66.458	MDEQ	9165.01	88,639
Huron River Green Infrastructure - Project 5504-01	66.458	MDEQ	N/A	121,122
Traver Creek - Project 5472.01	66.458	MDEQ	9166.01	82,305
Traver Creek Leslie Park - Project 5516-01	66.458	MDEQ	N/A	683,596
Malletts Creek - Project 5464.01	66.458	MDEQ	9164.01	1,179,476
Swift Run - Project 5471.01	66.458	MDEQ	N/A	23,115
County Farm - Project 5469.01	66.458	MDEQ	9163.01	412,140
				<u>2,796,750</u>
State Grants to Reimburse Operators of Small Water Systems for Capacity Development	66.468	MDEQ	CT975861	150
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	MDEQ	CT975861	3,023
Performance Partnership Grants - Water Stewardship/Clean Sweep	66.605	MDA	791N2200018	13,968
<b>Total U.S. Environmental Protection Agency</b>				<b>2,813,891</b>

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# Washtenaw County

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Energy Energy Efficiency and Conservation Block Grant	81.128	Direct	N/A	\$ 124,818
U.S. Department of Health and Human Services * FDA Tobacco Retailer (A&L) Inspections	93.058	MDCH	HHSF223201110085C	20,000
* Public Health Emergency Preparedness: Public Health Emergency Preparedness - Focus A	93.069	MDCH	CCU517018	183,332
Public Health Emergency Preparedness - Pan Flu H1N1	93.069	MDCH	IH75TD000353	10,584
				<u>193,916</u>
* Projects for Assistance in Transition from Homelessness (PATH)	93.150	WCHO	N/A	<u>127,224</u>
Substance Abuse and Mental Health Services: * Suicide Prevention	93.243	MDCH	U79SM057838	45,000
* SAMHSA- Creating Health Home (PBHCI)	93.243	WCHO	N/A	246,444
				<u>291,444</u>
* Building Healthy Communities	93.283	MDCH	1U55DP003040	<u>6,750</u>
* Immunization Cluster: Immunization Grants - Action Plan	93.268	MDCH	H23 CCH522556	134,669
Immunization Grants - Vaccines	93.268	MDCH	H23 CCH522556	93,964
				<u>228,633</u>
Child Support Enforcement: 2011 Family Support Payments to States	93.563	MDHS	CSFOC10-81001	202,300
2012 Family Support Payments to States	93.563	MDHS	CSFOC13-81001	74,226
				<u>276,526</u>
2011 Friend of the Court	93.563	MDHS	CSFOC10-81001	2,071,250
2012 Friend of the Court	93.563	MDHS	CSFOC13-81001	775,721
				<u>2,846,971</u>
2011 Prosecuting Attorney	93.563	MDHS	CSPA10-81002	215,779
2012 Prosecuting Attorney	93.563	MDHS	CSPA13-81002	78,780
				<u>294,559</u>
* Grants to States for Access and Visitation Programs	93.597	SCAO	N/A	<u>5,020</u>
2011 Head Start	93.600	Direct	N/A	2,476,802
2012 Head Start	93.600	Direct	N/A	1,185,383
				<u>3,662,185</u>
* Prosecuting Attorney Foster Care _Title IV-E	93.658	MDHS	PROFC-11-81001	<u>44,423</u>
* ARRA - Prevention and Wellness - Smoke Free Housing	93.723	MDCH	3U58DP001973	<u>11,834</u>

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# Washtenaw County

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (Concluded)</b>				
* Medical Assistance Program:				
Child Special Health Care	93.778	WCHO	5XX05MI5048	\$ 66,097
Medicaid Outreach - Advocate	93.778	WCHO	5XX05MI5048	48,717
Medicaid Outreach	93.778	WCHO	5XX05MI5048	92,273
Omnibus Budget Reconciliation Act - Preadmission Screenings and Annual Resident Reviews	93.778	WCHO	N/A	495,226
				<u>702,313</u>
* HIV Prevention Activities	93.940	MDCH	U62 CCU52346401	<u>86,136</u>
* Recovery Training and Resource Academy	93.958	WCHO	N/A	<u>18,322</u>
* Screening Brief Intervention and Referral for Treatment	93.959	WCHO	N/A	<u>6,034</u>
* Preventive Health and Health Services - Minority Health	93.991	MDCH	B1 MI PRVS	<u>55,000</u>
* Maternal and Child Health Services Block Grant:				
Local Maternal and Child Health	93.994	MDCH	B1M1MCHS	106,158
Child Special Health Care	93.994	MDCH	B1M1MCHS	42,970
				<u>149,128</u>
<b>Total U.S Department of Health and Human Services</b>				<u><b>9,026,418</b></u>
<b>Office of National Drug Control Policy</b>				
High Intensity Drug Trafficking Area:				
2010 - Investigative Support and Deconfliction Center	07.000	MDSP	G09SM0003A	39,725
2010 - LAWNET	07.000	MDSP	G09SM0003A	22,105
2010 - Management and Coordination Initiative	07.000	MDSP	G10SM0003A	58,357
2011 - Management and Coordination Initiative	95.001	MDSP	G11SM0003A	551,462
2011 - Management and Coordination Initiative	95.001	MDSP	G12SM0003A	313,904
<b>Total Office of National Drug Control Policy</b>				<u><b>985,553</b></u>
<b>U.S. Department of Homeland Security</b>				
Emergency Management Performance Grant	97.042	MDSP	EMW-2011-EP-00044-S01	<u>47,183</u>
Homeland Security Grant Program				
2008 Homeland Security Grant Program	97.067	MDSP	2008-GE-T8-0052	503,296
2009 Homeland Security Grant Program	97.067	MDSP	2009 HSGP	712,929
2010 Homeland Security Grant Program	97.067	MDSP	2010 HSGP	466,633
Citizen corp	97.067	MDSP	2009-SS-T9-0060	9,360
				<u>1,692,218</u>
<b>Total U.S. Department of Homeland Security</b>				<u><b>1,739,401</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 19,911,002</b></u>

See notes to schedule of expenditures of federal awards.

concluded

\* See note 3.

# Washtenaw County

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Washtenaw County (the "County") under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

### 3. FISCAL REPORTING

Certain departments report on a different fiscal year than the County. Grants accounted for and reported on year-ends other than December 31, 2012 are denoted as such in the Schedule with a single asterisk (\*) for September 30 year-ends.



# Washtenaw County

## Notes to Schedule of Expenditures of Federal Awards

### 4. PASS-THROUGH AGENCIES

The County receives certain federal awards as subgrants 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
AA	City of Ann Arbor, Michigan
MDA	Michigan Department of Agriculture
MDCH	Michigan Department of Community Health
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHS	Michigan Department of Human Services
MDSP	Michigan Department of State Police
MOHSP	Michigan Office of Highway Safety Planning
MSHDA	Michigan State Housing Development Authority
SAWC	Shelter Association of Washtenaw County
SCAO	State Court Administrative Office
SOS	SOS Community Services, Inc.
WCHO	Washtenaw County Health Organization

### 5. SUBRECIPIENTS

The County administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the County's reporting entity. Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Amounts Provided to Subrecipients
Community Development Block Grant	14.218	\$ 463,595
Community Development Block Grant Recovery Funds	14.218	31,704
Community Development/Neighborhood Stabilization Program	14.218	49,855
Emergency Shelter Grant (HUD)	14.231	92,210
Emergency Shelter Grant (MASHTA)	14.231	271,984
Violence Against Women	16.590	27,945
Access and Visitation	93.597	5,020
Head Start	93.600	1,252,351
High Intensity Drug Trafficking Area	95.001	99,122
Homeland Security Grant	97.067	123,264
		<u>\$ 2,417,050</u>



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 26, 2013

Board of Commissioners  
Washtenaw County  
Ann Arbor, 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, 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 Washtenaw County, Michigan (the "County"), as of and for the year ended December 31, 2012, 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 26, 2013. Our report includes a reference to other auditors who audited the financial statements of the Washtenaw County Road Commission and the Employment Training and Community Services special revenue fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### Internal Control Over Financial Reporting

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

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

#### 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 entity'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.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 26, 2013

Board of Commissioners  
Washtenaw County  
Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited *Washtenaw County, Michigan's* (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's financial statements include the operations of the Washtenaw County Road Commission and the Employment Training and Community Services Fund, which received \$512,865 and \$7,759,468, respectively, in federal awards which are not included in the Schedule for the year ended December 31, 2012. Our audit described below, did not include the operations of the Road Commission and the Employment Training and Community Services special revenue fund because other auditors were engaged to perform an audit in accordance with Circular A-133.

*Management's Responsibility*

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

#### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-SA-1 and 2012-SA-2. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

#### Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-SA-1 and 2012-SA-2 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

*Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

# Washtenaw County

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2012

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

#### Federal Awards

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified?  X  yes      \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?  X  yes      \_\_\_\_\_ no

Identification of major programs:

#### CFDA Number

16.738 and 16.803  
66.458  
  
93.563  
93.600  
93.778

#### Name of Federal Program or Cluster

ARRA - Edward Byrne Memorial Justice Grants  
Capitalization Grants for Clean Water State  
Revolving Funds  
Child Support Enforcement  
Head Start  
Medical Assistance Program

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

\$ 597,330

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes       X  no

# Washtenaw County

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2012

### SECTION II - FINANCIAL STATEMENT FINDINGS

None noted



# Washtenaw County

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

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

2012-SA-1 - Semi-annual Certifications (repeat comment)

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Cost Principles).

Program. Edward Byrne Memorial Justice Assistance Grant Program/JAG Program Cluster; U.S. Department of Justice; CFDA Number 16.738; Award Number 2009-SB-B9-2028.

Criteria. Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports or a statistical sampling system that has been approved by the cognizant Federal agency. The Circular also requires that where employees are expected to work solely on a single federal award, charges for their salaries can be supported by at least semi-annual certifications indicating that they worked solely on that program for the period covered by the certification.

Condition. Semi-annual certifications were not completed supporting the payroll costs charged to the program for one of the JAG grants administered by the County.

Cause. This condition appears to be the result of the department responsible for this particular grant award not being aware of this requirement.

Effect: This condition increases the risk that the County could report an incorrect amount for expenditures related to federal grant programs.

Questioned Costs: No costs were questioned as a result of this finding.

Recommendation. We recommend that the County implement procedures to appropriately document and support salaries and wages charged to grant programs.

View of Responsible Officials. It is the normal practice in County departments that administer federal grant programs to make sure that their employees track the time they spend on each federal grant or if working solely on one federal grant to sign a certification form twice per year stating that they worked only on that federal grant. When the County received this finding in last year's Single Audit, we prepared written instructions to all departments receiving federal grants to provide clear direction as to how to properly track and account for the salary and fringe benefit costs for personnel working on federal grants and how to obtain the required certifications. The written instructions were developed with assistance from the U.S. Department of Justice, were shared with the applicable fiscal staff and were discussed at a federal grant fiscal meeting.

The County is the recipient of several JAG grants. The JAG grant employees cited in last year's Single Audit for not completing the semi-annual certification did successfully complete the required certifications during 2012. However, employees in a different County department who worked on a different JAG grant did not complete the required certifications. This appears to have been caused by uncertainty among fiscal staff as to who would make sure that the required certifications were completed. This uncertainty has now been cleared up and the required certifications have been obtained. The County's written guidelines will be followed in the future.

# Washtenaw County

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

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

#### 2012-SA-2 - Reporting - Section 1512 Reports

**Finding Type.** Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

**Program.** Edward Byrne Memorial Justice Assistance Grant Program/JAG Program Cluster; U.S. Department of Justice; CFDA Numbers 16.738; Award Number 2009-SB-B9-2028.

**Criteria.** Recipients of federal awards are required to report various financial and non-financial information to the grantor or pass-through agency, as specified in the grant agreement and/or the *OMB Circular A-133 Compliance Supplement*.

**Condition.** Section 1512 of the American Recovery and Reinvestment Act ("Recovery Act") requires reporting the use of Recovery Act funding by recipients. Among other things, the recipient is required to submit quarterly reports disclosing cumulative payments to vendors exceeding \$25,000 along with jobs created.

**Cause.** The County's procedures related to this requirement were not sufficient to prevent noncompliance with Section 1512 of the Recovery Act.

**Effect.** As a result of this condition, the County did not submit the third quarter report as required by Section 1512 within 10 business, but instead, submitted the financial and non-financial information with the fourth quarterly report.

**Questioned Costs.** No costs have been questioned as a result of this finding as these reports did not serve as a basis for cost-reimbursement.

**Recommendation.** We recommend that the County implement procedures adequate to ensure that all required reports are submitted on time.

**View of Responsible Officials:** The Outreach Coordinator is responsible for the completion and submission of all JAG grant reports. Normally the reports have been filed on a timely basis. However, during the quarter in question a combination of holidays and staff time off hindered us from filing the report on time. The report was completed, but the federal system does not allow for logging of the report once the deadline has passed. Instead the late report is to be attached to the following quarterly report. In this case the 3rd quarter report was late and so was attached to the 4th quarter report.

In response to this situation we have now implemented a monthly grant oversight protocol as well as transferred the supervision to another staff member. In this way, all reporting is monitored, planned for and accounted for in a timely manner. The goal is to make sure that further reports are not overlooked or missed. To date, this new process has allowed us to better manage our reporting process.

# Washtenaw County

## Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

### Finding 2011-FS-1 - Material Audit Adjustments - Water Resources Commissioner

A material audit adjustment was necessary to correctly record revenues in the debt and capital project funds. The Water Commissioner has taken proper corrective action and this finding was not repeated.

### Finding 2011-FS-2 - Material Audit Adjustments - Public Health Special Revenue Fund

A material audit adjustment was necessary to properly defer certain grant based receivables as the amounts were not available under the modified accrual accounting. The County has taken proper corrective action and this finding was not repeated.

### Finding 2011-SA-1 - Semi-annual Certifications - CFDA # 16.738 and 16.803 - Edward Byrne Memorial Justice Assistance Grant Program

The County failed to complete semi-annual certifications for employees who worked solely on a single federal award. Proper internal controls have been established and semi-annual certifications for this program have been completed. This finding has been repeated.

### Finding 2011-SA-2 - Communication of Award Information to Subrecipient - CFDA # 93.600 - Head Start Program

The County did not communicate the CFDA number of the program to each of its subrecipients as required in the OMB Circular A-133 Compliance Supplement. The County has included the CFDA number in all agreements with subrecipients in the current year. This finding has not been repeated.

### Finding 2011-SA-3 - Approval of Credit Card Transactions - CFDA # 93.600 - Head Start Program

The County did not have proper documentation for 10 of 15 selected credit card transactions that included several instances of out-of-state travel, for which it was noted that the County's credit card policy did not require pre-approval of. Credit card expenses are now supported by receipts and sent to the finance department for review. The Head Start program also modified the travel approval process which now requires a professional development plan approved in advance indicating potential travel related to continuing education.

