

Livingston County, Michigan

**Federal Awards
Supplemental Information
December 31, 2011**

Livingston County, Michigan

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Independent Auditor's Report

To the Board of Commissioners
Livingston 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 Livingston County, Michigan (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2012, which contained unqualified opinions on those financial statements. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited financial statements subsequent to June 14, 2012. We did not audit the financial statements of Livingston County Road Commission, whose assets and revenue totaled \$123,430,097 and \$15,650,694, respectively. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Livingston County Road Commission, is based on the report of the other auditors.

We conducted our audit 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 Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

To the Board of Commissioners
Livingston County, Michigan

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 the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 21, 2012



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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 the Board of Commissioners
Livingston 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 Livingston County, Michigan (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2012. Our report was modified to include reference to other auditors. We have conducted our audit 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. Other auditors audited the financial statements of the Livingston 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. The financial statements of the Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

To the Board of Commissioners
Livingston County, Michigan

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, officials of the State of Michigan, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

June 14, 2012



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Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report

To the Board of Commissioners
Livingston County, Michigan

Compliance

We have audited the compliance of Livingston County, Michigan (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The major federal programs of the County are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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. Our audit does not provide a legal determination on Livingston County, Michigan's compliance with those requirements.

In our opinion, Livingston County, Michigan complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that 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 2011-2 and 2011-4.

To the Board of Commissioners
Livingston County, Michigan

Internal Control Over Compliance

The management of Livingston County, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have 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 other deficiencies that we consider to be significant deficiencies.

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 2011-3 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2011-2 and 2011-4 to be significant deficiencies.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

To the Board of Commissioners
Livingston County, Michigan

This report is intended solely for the information and use of management, the Board of Commissioners, others within the County, officials of the State of Michigan, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 21, 2012

LIVINGSTON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards Year Ended December 31, 2011

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
Clusters:		
WIA Cluster - U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
WIA Adult - 6/30/10 Program	17.258	\$ 397,723
WIA Adult - 6/30/11 Program	17.258	13,125
WIA Youth - 6/30/10 Program	17.259	266,604
WIA Youth - 6/30/11 Program	17.259	123,910
WIA Dislocated Workers - 6/30/10 Program	17.260	461,288
WIA Rapid Response - Incumbant Workers - 6/30/10 Program	17.260	36,847
WIA Statewide Activities - One Stop Operations - 6/30/10 Program	17.260	363
WIA State Wide Activities - Jet Support - 6/30/10 Program	17.260	12,917
WIA State Wide Activities - Jet Support - 6/30/11 Program	17.260	2,666
WIA Statewide Activities - Performance - 6/30/09 Program	17.258/17.259/17.260	1,297
WIA Local Administration - 6/30/09 program	17.258/17.259/17.260	61,495
WIA Local Administration - 6/30/10 program	17.258/17.259/17.260	136,210
ARRA - WIA Dislocated	17.260	128,812
ARRA - NEG Dislocated	17.260	354,060
ARRA - Michigan Registered Apprenticeship Pilot	17.258/17.259/17.260	27,000
ARRA - WIA Statewide Activities Efficiency	17.258/17.259/17.260	36,930
ARRA - Capacity	17.258/17.259/17.260	480
ARRA - WIA Administration	17.258/17.259/17.260	9,147
ARRA - WIA Statewide Activities Adult	17.258/17.259/17.260	<u>74,016</u>
Total WIA Cluster		2,144,890
Employment Service Cluster - U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
Wagner-Peyser Act ES 7A - 6/30/11 program	17.207	190,034
Wagner-Peyser Act ES 7A - 6/30/12 program	17.207	162,166
ARRA - Employment Services NCRC	17.207	<u>26,557</u>
Total Employment Service Cluster		378,757
Highway Safety Cluster - U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety and Planning -		
Drive MI Safely - State and Community Highway Safety	20.600	35,657
Federal Transit Cluster - U.S. Department of Transportation:		
Federal Section 5307 Operating Assistance - 2011	20.507	627,528
Federal Section 5307 Operating Assistance - 2012	20.507	237,736
Federal Section 5307 - Capital Assistance - 2011	20.507	141,400
Federal Section 5307 - Capital Assistance - 2012	20.507	129,436
Federal CMAQ Grant - People's Express - 2011	20.507	8,782
ARRA - Federal Section 5307 Capital Assistance	20.507	<u>3,570</u>
Total Federal Transit Cluster		1,148,452

LIVINGSTON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2011

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
Clusters (Continued):		
Transit Services Program Cluster - U.S. Department of Transportation:		
Federal Section 5307 Operating Assistance - 2011 - JARC	20.516	\$ 24,780
Federal Section 5307 Operating Assistance - 2012 - JARC	20.516	<u>11,145</u>
Total Transit Services Cluster		35,925
Immunization Cluster - U.S. Department of Health and Human Services - Passed through the State of Michigan Department of Community Health:		
Immunization Grants	93.268	190,209
ARRA - Immunization Grants	93.712	<u>15,350</u>
Total Immunization Cluster		205,559
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the State of Michigan Department of Community Health:		
Medicaid Outreach Activities	93.778	81,828
CSHCS Medicaid Outreach Activities	93.778	17,695
CSHCS Outreach & Advocacy	93.778	35,579
CSHCS - Care Coordination	93.778	30,710
CSHCS - Case Management	93.778	<u>8,265</u>
Total Medicaid Cluster		174,077
TANF Cluster - U.S. Department of Health and Human Services - Passed through the State of Michigan - Michigan Department of Energy, Labor and Economic Growth:		
TANF - Jet - 9/30/11 program	93.558	128,809
TANF - Jet - 9/30/12 program	93.558	51,897
TANF - Support Services	93.558	<u>30,000</u>
Total TANF Cluster		210,706
Homeland Security Cluster - U.S. Department of Homeland Security - Passed through the Michigan State Police Homeland Security Grant Program		
	97.067	233,541
Vocational Rehabilitation Cluster - U.S. Department of Education - Passed through Michigan Rehabilitation Services - Vocational Rehab Services		
	84.126	2,800
CDBG - State Administered Small Cities Program Cluster - U.S. Department of Housing and Urban Development - Passed through the Michigan State Housing Development Authority - Community Development Block Grant/States Program		
	14.228	313,143
Other federal awards:		
U.S. Department of Labor - Passed through the Michigan Department of Energy, Labor, and Economic Growth:		
Wagner-Peyser Trade Adjustment Assistance - 9/30/11 program	17.245	1,027,474
Wagner-Peyser Trade Adjustment Assistance - 9/30/12 program	17.245	<u>61,572</u>
Total passed through the Michigan Department of Energy, Labor, and Economic Growth		1,089,046

LIVINGSTON COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2011

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
Other federal awards (Continued):		
U.S. Department of Labor - Passed through Macomb - St. Clair Michigan Works ARRA - Aging Initiative	17.268	\$ <u>13,448</u>
Total U.S. Department of Labor		1,102,494
U.S. Department of Agriculture - Passed through State of Michigan Department of Health - Special Supplemental Food Program for Women, Infants, and Children	10.557	327,678
U.S. Department of Energy - ARRA - Energy Efficiency and Conservation Block Grant	81.128	533,927
U.S. Department of Health and Human Services - Passed through the State of Michigan Department of Community Health:		
Bioterrorism Pan Flu H1N1	93.069	86,118
Bioterrorism - Focus A & CRI	93.283	200,601
Child Support Enforcement - Cooperative Agreement	93.563	940,620
Family Support - Cooperative Agreement	93.563	154,262
CSHCS Outreach & Advocacy	93.994	22,117
Maternal and Child Health Services	93.994	39,488
ARRA - Tobacco	93.723	<u>12,935</u>
Total passed through the Michigan Department of Community Health		1,456,141
U.S. Department of Homeland Security - Passed through Michigan State Police - Emergency Management Performance Grant (EMPG)	97.042	74,574
U.S. Department of Justice:		
Federal Equitable Share Funds	Unknown	140,934
Supervised Visitation & Safe Exchange Grant Program	16.527	79,661
Passed through the Michigan Department of Community Health Bureau of Justice Assistance - Edward Bryne Memorial Justice Assistance Grant - Formula	16.738	<u>73,143</u>
Total U.S. Department of Justice		293,738
U.S. Environmental Protection Agency - Passed through the Michigan Department of Environmental Quality:		
ARRA - TMDL Implementation	66.454	53,394
Noncommercial Water Supply Grant	66.471	23,974
Noncommercial Water Supply Grant	66.468	<u>3,913</u>
Total U.S. Environmental Protection Agency		<u>81,281</u>
Total federal awards		<u>\$ 8,753,340</u>

Livingston County, Michigan

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2011

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Livingston County, Michigan under programs of the federal government for the year ended December 31, 2011. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Livingston County, Michigan, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Livingston County, Michigan. Pass-through entity identifying numbers are presented where available.

Livingston County, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
17.258, 17.259, 17.260	Workforce Investment Act Cluster
17.245	Trade Adjustment Assistance
81.128	Energy Efficiency and Conservation Block
93.563	Child Support Enforcement
93.268, 93.712	Immunization Cluster
14.228	CDBG - State Administered Small Cities Program Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

Section II - Financial Statement Audit Findings

Reference
Number

Finding

2011-1 **Finding Type** - Material weakness

Criteria - GASB 33 requires that, on a modified accrual basis, revenue can only be recognized in the current period if the funds were collected within the period of availability, which the County has adopted to be 60 days subsequent to year end.

Condition - Revenue that was collected after the period of availability in the Ambulance Fund was not deferred; rather, it was reported as revenue in the current period.

Context - The Ambulance Fund did not defer a total of \$444,578 of receipts that were collected after the period of availability of 60 days subsequent to year end.

Cause - The tracking of receivables and collections for the Ambulance Fund is performed on software separate from the County's financial reporting software. Information on Ambulance Fund receivables is reported to the treasurer's office, who records journal entries to get the activity recorded in the County's financial records.

Effect - The effect of not recording these amounts was an overstatement of the December 31, 2011 revenue in the Ambulance Fund.

Recommendation - We are aware that the County is in the process of exploring the acquisition of a new County-wide financial system that will integrate all County departments, which will reduce redundancies and the chance for errors between multiple sub-ledgers and the financial software. We also recommend that a process be put in place to review the timing of collections on all receivables to determine those amounts that should be deferred.

Views of Responsible Officials and Planned Corrective Actions - All future revenue will be evaluated and deferred on the modified accrual statements if the criteria is met.

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

Section III - Federal Program Audit Findings

Reference Number	Finding
2011-2	<p>Program Name - Immunization Grant, CFDA #93.268 and Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA #10.557</p> <p>Pass-through Entity - State of Michigan Department of Community Health</p> <p>Finding Type - Significant deficiency and material noncompliance with laws and regulations</p> <p>Criteria - Grant Agreements require Financial Status Reports (FSRs) to be submitted quarterly detailing expenditures in the period.</p> <p>Condition - The County submitted quarterly reports to the granting agency; however, the amounts reported cannot be reconciled or traced to the underlying financial data of the programs.</p> <p>Questioned Costs - None</p> <p>Context - The quarterly status reports are utilized by the funding agency to be informed of grant expenditures in the quarter and to determine amounts to be disbursed to the County.</p> <p>Cause and Effect - The County does not have adequate controls in place to ensure that the FSR reporting is in agreement with the underlying financial data. These grants are housed in the Health Department at the County, and in 2011 the Health Department suffered from reduced staffing for various reasons. The reduced staffing made it difficult to keep up with the reporting aspects of the grants. The situation is worsened by the lack of a grant tracking module in the County financial system.</p> <p>Recommendation - The County should develop controls to reconcile between actual expenditures and what is reported to the funding agency.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The health department has hired a new full-time person to perform the accounting functions including tracking the grants that the department receives. The person in this position, being full-time, will have the ability and time to ensure the financial data reported to the grantor agency is reconciled with the County general ledger records. Furthermore, the County is in the process of selecting a new financial system that will include a grant tracking module to more accurately report grant activity.</p>

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2011-3	<p>Program Name - Schedule of Expenditures of Federal Awards (SEFA)</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness</p> <p>Criteria - OMB Circular A-133 requires that the schedule of expenditures of federal awards properly identifies all federally funded expenditures that occurred during the audit period.</p> <p>Condition - The County's financial records cannot be used to prepare the SEFA and the SEFA cannot be fully reconciled to the reported federal revenues.</p> <p>Questioned Costs - None</p> <p>Context - The SEFA expenditures cannot be traced into the County's general ledger. We were able to materially reconcile the expenditures to the federal revenues; however, they could not be fully reconciled. Our reconciliation process helped to identify a change on the SEFA that resulted in another major program to be tested.</p> <p>Cause and Effect - The current tracking system for federal grant expenditures is handled through manually prepared spreadsheets. This manual tracking does not allow for a simple query into the general ledger to identify the expenses that are related to each grant program. Furthermore, the County must ask all of the various grant managers to provide the grant expenditures at year end for SEFA reporting. The detail is held in each grant manager's spreadsheet and is not tied directly to any general ledger accounts. The grant expenditures cannot be traced to the general ledger because of this disconnect between the general ledger and the grant managers' manual tracking system.</p> <p>Recommendation - We recommend that the County track federal expenditures in a subaccount structure or use a transaction identifier that will easily identify transactions as federal expenditures. A report can be generated from the system that will give the federal expenditures by program instead of relying on the departments giving a federal expenditure amount to build the SEFA.</p>

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
	<p>Views of Responsible Officials and Planned Corrective Actions - The County is in the process of selecting a new financial system that will have grant tracking capability so that all of the expenses can be separately recorded in the general ledger. In setting up the chart of accounts in the new system, special attention will be given to ensure that grant and project revenue is reported clearly and correctly. Once this system is in place, it will be much less complicated to identify the grant revenues and expenditures within the general ledger. In the meantime, County administration will communicate in a more effective manner with department grant managers to ensure grant expenditures are recorded properly and are clearly identifiable within the general ledger.</p>
2011-4	<p>Program Name - Community Development Block Grant, CFDA #14.228</p> <p>Pass-through Entity - Michigan State Housing Development Authority</p> <p>Finding Type - Significant deficiency and material noncompliance with laws and regulations</p> <p>Criteria - Per the grant agreement between MSHDA and Livingston County, \$135,000 in matching/leverage funds are to be spent on CDBG projects. The County passed the grant to a third party, Oakland Livingston Human Service Agency (OLHSA). The grant agreement between the County and OLHSA required OLHSA to provide the matching funds.</p> <p>Condition - The County did not obtain support from OLHSA that they provided the matching funds.</p> <p>Questioned Costs - None</p> <p>Context - The County relied on OLHSA to meet the requirement and did not perform any sub-recipient monitoring around this compliance requirement</p> <p>Cause and Effect - Lack of subrecipient monitoring for this compliance area resulted in the County not having evidence on whether or not the compliance requirement was met.</p> <p>Recommendation - We recommend the County implement a process to perform subrecipient monitoring around this compliance area to ensure that required matching is being done.</p>

Livingston County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2011

Section III - Federal Program Audit Findings (Continued)

Reference
Number

Finding

Views of Responsible Officials and Planned Corrective Actions - Livingston County is aware that it is responsible for monitoring the CDBG grant that OLHSA administers on its behalf. Livingston County will take on a more active role annually in monitoring the CDBG program and review supporting documentation to ensure that sufficient matching funds are provided. The County will also attend applicable training to be able to do so effectively.