

# **Livingston County, Michigan**

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**Federal Awards  
Supplemental Information  
December 31, 2015**

# Livingston County, Michigan

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

Independent Auditor's Report

To the Board of Commissioners  
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 10, 2016, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 10, 2016. We did not audit the financial statements of Livingston County Road Commission, which represent 60 percent, 73 percent, and 77 percent of the assets, net position, and revenue of the discretely presented component units, 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.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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*

June 10, 2016

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners  
Livingston County, 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 Livingston County, Michigan (the "County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 10, 2016. Our report includes a reference to other auditors who audited the financial statements of Livingston County Road Commission as described in our report on Livingston County, Michigan's basic 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 Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Livingston County, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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.

To Management and the Board of Commissioners  
Livingston County, Michigan

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency. The finding is reported as 2015-001.

### **Compliance and Other Matters**

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

### **Livingston County's Response to Finding**

Livingston County, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Livingston 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

June 10, 2016

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

Independent Auditor's Report

To the Board of Commissioners  
Livingston County, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited Livingston County, Michigan's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. Livingston County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Livingston County, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Livingston County, Michigan'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 Livingston County, Michigan's compliance.

To the Board of Commissioners  
Livingston County, Michigan

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

In our opinion, Livingston County, Michigan 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, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2015-005 and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

Livingston County, Michigan's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Livingston County, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### **Report on Internal Control Over Compliance**

Management of Livingston County, Michigan 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 Livingston County, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

To the Board of Commissioners  
Livingston County, Michigan

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, 2015-005, and 2015-007 to be material weaknesses.

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 items 2015-002 and 2015-006 to be significant deficiencies.

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

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

*Plante & Moran, PLLC*

June 10, 2016

# Livingston County

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Clusters:</b>				
WIA Cluster - U.S. Department of Labor - Passed through the Workforce Development Agency, Michigan Department of Talent and Economic Development				
Workforce Investment Act:				
Adult - AY 2014	17.258	N/A	\$ 77,048	\$ 246,239
Adult - AY 2015	17.258	N/A	18,374	93,667
Total CFDA 17.258			95,422	339,906
Youth - AY 2014	17.259	N/A	271,374	302,152
Youth - AY 2015	17.259	N/A	30,695	124,437
Total CFDA 17.259			302,069	426,589
Dislocated Worker - AY 2012	17.278	N/A	42,295	45,593
Dislocated Worker - AY 2014	17.278	N/A	144,947	316,896
Total CFDA 17.278			187,242	362,489
Statewide Activities - MWA Service Center Operations - AY13	17.258/17.259/17.278	N/A	4,757	10,496
Statewide Activities - MWA Service Center Operations - AY14	17.258/17.259/17.278	N/A	24,317	50,000
Statewide Activities - MWA Service Center Operations - AY15	17.258/17.259/17.278	N/A	6,851	14,000
WIA Local Administration - AY 2012	17.258/17.259/17.278	N/A	-	5,066
WIA Local Administration - AY 2014	17.258/17.259/17.278	N/A	-	70,432
WIA Local Administration - AY 2015	17.258/17.259/17.278	N/A	-	57,898
Total CFDA 17.258/17.259/17.278			35,925	207,892
Total WIA Cluster			620,658	1,336,876
Employment Service Cluster - U.S. Department of Labor - Passed through the Workforce Development Agency, Michigan Department of Talent and Economic Development:				
Wagner-Peyser Act ES 7A - AY 2014	17.207	N/A	6,477	100,674
Wagner-Peyser Act ES 7A - AY 2015	17.207	N/A	90,668	86,911
Total Employment Service Cluster			97,145	187,585
Federal Transit Cluster - U.S. Department of Transportation:				
Federal Section 5307 Operating Assistance - 2014	20.507		-	76,389
Federal Section 5307 Operating Assistance - 2015	20.507		-	860,038
Federal CMAQ Grant - Passed thru to People's Express	20.507		10,146	10,146
Federal Section 5307 Preventative Maintenance - 2015	20.507		-	257,417
Federal Section 5307 Program Income	20.507		-	161,970
Federal Section 5307 Local/Surface Transportation Program - 2013	20.507		-	26,164
Total CFDA 20.507			10,146	1,392,124
Federal Section 5309 State of Good Repair	20.500		-	566,389
Total Federal Transit Cluster			10,146	1,958,513
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	20151745; 20161693	-	97,478
CSHCS Medicaid Outreach Activities	93.778	20151745; 20161693	-	23,170
CSHCS Outreach & Advocacy	93.778	20151745; 20161693	-	40,000
Total Medicaid Cluster			-	160,648
TANF Cluster - U.S. Department of Health and Human Services - Passed through the Workforce Development Agency, Michigan Department of Talent and Economic Development:				
TANF - PATH FY15	93.558	N/A	16,318	88,257
TANF - PATH FY16	93.558	N/A	44,495	44,057
TANF - PATH FY15 Supportive Services	93.558	N/A	15,392	9,000
Total TANF Cluster			76,205	141,314
SNAP Cluster - U.S. Department of Agriculture - Passed through the Workforce Development Agency, Michigan Department of Talent and Economic Development -				
FY14 SAM Grants-SNAP	10.561	N/A	-	2,892

# Livingston County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Other federal awards:</b>				
U.S. Department of Labor - Passed through the Workforce Development Agency, Michigan Department of Talent and Economic Development:				
Trade Adjustment Assistance FY15 (2002)	17.245	N/A	\$ -	\$ 1,950
Trade Adjustment Assistance FY15 (2009/2011)	17.245	N/A	-	205,863
Trade Adjustment Assistance FY16 (2009/2011)	17.245	N/A	-	30,343
Trade Adjustment Assistance FY15 (2009/2011) MWA Case Management	17.245	N/A	16,318	59,882
Trade Adjustment Assistance FY16 (2009/2011) MWA Case Management	17.245	N/A	44,495	48,496
Trade Adjustment Assistance FY15 Administration	17.245	N/A	15,392	35,392
Total CFDA 17.245			76,205	381,926
Dislocated Worker 2013 NR-EMRG-DWT NEG DW Training	17.277	N/A	-	32,524
Dislocated Worker 2014 NR-EMRG-JOBDRIV NEG	17.277	N/A	-	160,227
Total CFDA 17.277			-	192,751
Total U.S. Department of Labor			76,205	574,677
U.S. Department of Agriculture - Passed through State of Michigan Department of Health - Special Supplemental Food Program for Women, Infants, and Children	10.557	20151745; 20161693	-	340,941
U.S. Department of Health and Human Services - Passed through the State of Michigan Department of Community Health				
Bioterrorism - Focus A , EPI & CRI, Ebola	93.069	20151745; 20161693	-	199,568
TB Control	93.116	20151745; 20161693	-	100
Maternal and Child Health Services	93.994	20151745; 20161693	-	39,489
Immunization IAP	93.268	20151745; 20161693	-	67,604
Immunization - Vaccine for Children	93.268	20151745; 20161693	-	59,390
Total CFDA 93.268			-	126,994
Total Passed through the Michigan Department of Community Health			-	366,151
Passed through the State of Michigan Department of Human Services				
Child Support Enforcement - Cooperative Agreement	93.563	CSFOC13-47001	-	991,132
Child Support Enforcement - Cooperative Agreement Incentives CSFOC13-47001	93.563	CSFOC13-47001	-	290,680
Child Support Enforcement - Family Support Cooperative Agreement CSPA13-47002	93.563	CSPA13-47002	-	158,143
Total Passed through the Michigan Department of Human Services			-	1,439,955
Passed through the State of Michigan Department of Agriculture and Rural Development Food and Drug Administration Research	93.103	791N4300138	-	5,000
Passed through the National Association of County & City Health Officials Center for Disease Control & Prevention Medical Reserve Corps	93.283	MRC 16-2586	-	3,500
U.S. Department of Homeland Security - Passed through Michigan State Police:				
Emergency Management Performance Grant (EMPG)	97.042	N/A	-	27,282
Homeland Security Grant Program FY 13	97.067	N/A	-	53,427
Homeland Security Grant Program FY 14	97.067	N/A	-	4,000
Total CFDA 97.067			-	57,427
Total Passed through Michigan State Police			-	84,709
U.S. Department of Homeland Security - Passed through State of Michigan Department of Natural Resources - Federal Boating Safety Assistance - Marine Safety Grant	97.012	N/A	-	4,700
U.S. Department of Justice:				
Federal Equitable Share Funds	16.922		-	106,886
Drug Court Discretionary Grant	16.585		-	11,691
State Criminal Alien Assistance Program	16.606		-	5,056
Supervised Visitation & Safe Havens	16.527		-	81,620
Total U.S. Department of Justice			-	205,253

# Livingston County

## Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other federal awards (Continued):				
U.S. Department of Health & Human Services: Substance Abuse & Mental Health Services	93.243		\$ -	\$ 200,752
U.S. Environmental Protection Agency - Passed through the Michigan Department of Environmental Quality:				
State Drinking Water Revolving Fund - Standard	66.471	N/A	-	5,159
State Drinking Water Revolving Fund - Capacity	66.471	N/A	-	300
Total CFDA 66.471			-	5,459
State Drinking Water Revolving Fund - Capacity RTCR	66.468	N/A	-	6,020
Total U.S. Environmental Protection Agency			-	11,479
Total federal awards			<u>\$ 880,359</u>	<u>\$ 7,024,945</u>

# Livingston County, Michigan

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## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2015

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Livingston County under programs of the federal government for the year ended December 31, 2015. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Livingston County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Livingston County.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs Year Ended December 31, 2015

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?  Yes  No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	Workforce Investment Act Cluster
20.507, 20.500	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2015-001	<p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Criteria</b> - Management should record all year-end closing entries in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.</p> <p><b>Condition</b> - Journal entries were required during the audit related to the retiree healthcare obligation to ensure the financial statement presentation was in conformity with generally accepted accounting principles.</p> <p><b>Context</b> - The journal entries included adjustments to increase the retiree healthcare obligation by approximately \$830,000.</p> <p><b>Cause</b> - The County's internal controls for reviewing and preparing year-end journal entries were the underlying cause that required these journal entries to be posted.</p> <p><b>Effect</b> - Auditor-proposed journal entries were recorded that could have been material.</p> <p><b>Recommendation</b> - The County should implement procedures to ensure that all appropriate journal entries for the areas listed above are made prior to the start of the audit.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County concurs with the recommendation and will work toward putting a process in place to address the issue.</p>

### Section III - Federal Program Audit Findings

Reference Number	Finding
2015-002	<p><b>CFDA Number, Federal Agency, and Program Name</b> - 20.507, 20.500, Department of Transportation Federal Transit Cluster</p> <p><b>Federal Award Identification Number and Year</b> - MI-90-X702-00</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Significant Deficiency</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 49 CFR 5307(b)(1)(F), (F) "operating costs of equipment and facilities for use in public transportation" are allowable costs.</p>

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
2015-002 (Cont.)	<p><b>Condition</b> - It was noted that during the year, a charge to the grant for a maintenance expense was for a department that was not eligible for operating costs of equipment and facilities under the award.</p> <p><b>Questioned Costs</b> - \$11,119</p> <p><b>Identification of How Questioned Costs Were Computed</b> - Questioned costs consist of the total error of the invoice tested plus any additional errors identified by the County during their review of all additional significant work orders.</p> <p><b>Context</b> - During our testing of 40 transactions charged against the grant, one transaction selected contained charges for a different department.</p> <p><b>Cause and Effect</b> - Work orders are charged to departments by the facilities department, and the invoice support for these work orders is not always reviewed by the grant personnel. Upon discovery of the error, all significant work orders were reviewed and any errors were corrected.</p> <p><b>Recommendation</b> - We recommend invoice support be viewed for all charges, including work orders, when approving expenses.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - All maintenance work orders for 2015 have been reviewed to ensure costs are charged appropriately to the grant. New procedures have been implemented that require staff to review work orders and reconcile to the general ledger.</p>

Reference Number	Finding
2015-003	<p><b>CFDA Number, Federal Agency, and Program Name</b> - 17.258, 17.259, 17.278, Department of Labor WIA Cluster, 17.245 Department of Labor Trade Adjustment Assistance Grant, 17.207 Employment Service Cluster</p> <p><b>Federal Award Identification Number and Year</b> - AA253601455A26, AA253601455A26, ES274971555A26, and TA252941455A26</p> <p><b>Pass-through Entity</b> - Workforce Development Agency</p> <p><b>Finding Type</b> - Material Weakness</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200 Subpart F requires organizations to properly reflect expenditures on the schedule of expenditures of federal awards (SEFA).</p>

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
2015-003 (Cont.)	<p><b>Condition</b> - The original SEFA required adjustments related to expenditures that occurred at year end or formula/data entry errors, resulting in three revisions to correct the SEFA by approximately \$15,000, \$55,000, and \$17,000. The required revisions to the SEFA did not impact major program determination.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A - No questioned costs were identified.</p> <p><b>Context</b> - The adjustments made to the expenditures reported on the schedule of expenditures of federal awards did not impact major program determination.</p> <p><b>Cause and Effect</b> - Internal controls over determining which expenditures should be reported on the SEFA did not operate effectively. This resulted in an understatement of expenditures in the initial SEFA.</p> <p><b>Recommendation</b> - We recommend the general ledger be compared to other accounting support regularly.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The quarterly expenditure reports to Hillsdale ISD have been corrected. This was a timing issue due to County fiscal year-end accruals and grant fiscal years. The County general ledger has been reconciled to the Hillsdale ISD expenditure reports. Livingston County MI Works will be merging with the Southeast Michigan Consortium on July 1, 2016. The County's general ledger will be reconciled through June 30, 2016 prior to the MI Works transition to the consortium.</p>

Reference Number	Finding
2015-004	<p><b>CFDA Number, Federal Agency, and Program Name</b> - 17.258, 17.259, 17.278, Department of Labor WIA Cluster</p> <p><b>Federal Award Identification Number and Year</b> - AA229421255A26, AA240991355A26, AA253601455A26, and AA267861555A26</p> <p><b>Pass-through Entity</b> - Workforce Development Agency</p> <p><b>Finding Type</b> - Material Weakness</p> <p><b>Repeat Finding</b> - No</p>

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
2015-004 (Cont.)	<p><b>Criteria</b> - Per 2 CFR 200.303(a) - Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance of Standards for Internal Control in the Federal Government, issued by the Comptroller General of the United States, or the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p><b>Condition</b> - It was noted that the controls and processes in place were not adequate to ensure the accuracy of the expenditures as well as required reports. The individual performing the allocation is the direct supervisor and is well aware of time spent on each award as he has been performing this task for several years and therefore the estimating process ensures that amounts charged to each award are close to accurate.</p> <p><b>Questioned Costs</b> - N/A</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - During audit testing, there were many instances whereby workpapers did not agree or there were formula or hard entered errors on workpapers which were used to create reports for submission to the funding agency.</p> <p><b>Cause and Effect</b> - The County must maintain a process over tracking of expenditures in order to ensure they are accurately captured in the County's records and implement controls and processes to ensure the accuracy of the expenditures as well as required reports. It was noted that in several instances, the process to track expenditures off the general ledger was cumbersome and prone to errors. Additionally, the lack of reviews of reports generated to support reimbursements could lead to errors in reports. During our testing, we did not note any errors that would create noncompliance with laws and regulations.</p> <p><b>Recommendation</b> - The County should consider their processes and determine what would be the most effective and efficient method to meet the accounting requirements as well as the requirements laid out by the funding agency.</p>

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
2015-004 (Cont.)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - The quarterly expenditure reports to Hillsdale ISD have been corrected, as well as the Excel spreadsheets used to track expenses. Livingston County MI Works will be merging with the Southeast Michigan Consortium on July 1, 2016. The consortium will be utilizing different software to allocate time and expenses to the appropriate grants.

Reference Number	Finding
2015-005	<b>CFDA Number, Federal Agency, and Program Name</b> - 17.258, 17.259, 17.278 Department of Labor WIA Cluster  <b>Federal Award Identification Number and Year</b> - AA229421255A26, AA240991355A26, AA253601455A26, and AA267861555A26  <b>Pass-through Entity</b> - Workforce Development Agency  <b>Finding Type</b> - Material Weakness and Material Noncompliance with Laws and Regulations  <b>Repeat Finding</b> - No  <b>Criteria</b> - A-87 Attachment B (8)(h)(4-5) and 2 CFR 200.430 (i) explain that appropriate records must be maintained and documented outlining the amount of time workers spent on each grant (i.e., timesheets, etc).  <b>Condition</b> - Employee time is allocated between grants based on the director's estimate of how much they worked on each grant during the period. Breakout of time spent on each grant is not supported by timesheets and employees are unaware of how much of their time is being charged to each grant.  <b>Questioned Costs</b> - Unknown  <b>Identification of How Questioned Costs Were Computed</b> - N/A - The questioned costs could not be calculated.  <b>Context</b> - Employee time allocation is the primary driver to allocate costs shared between all grants within this department.  <b>Cause and Effect</b> - As timesheets or other support are not maintained to break out employees' time between grants, the director estimates how much time each employee spent on each grant.

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
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2015-005 (Cont.)	<b>Recommendation</b> - We recommend timesheets be maintained documenting how much time employees spent on each grant.
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**Views of Responsible Officials and Planned Corrective Actions** - The Michigan Works Director believes he was allocating staff time appropriately due to having the cognizant agency, Workforce Development Agency's approval of allocations in prior years, as an approved alternate method according to OMB guidance. Livingston County MI Works will be merging with the Southeast Michigan Consortium on July 1, 2016. The consortium will be utilizing a timesheet-based system effective July 1, 2016 to allocate staff time.

Reference Number	Finding
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2015-006	<b>CFDA Number, Federal Agency, and Program Name</b> - 17.278, Department of Labor WIA Cluster
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**Federal Award Identification Number and Year** - AA253601455A26

**Pass-through Entity** - Workforce Development Agency

**Finding Type** - Significant Deficiency

**Repeat Finding** - No

**Criteria** - Per 29 USC 2801(9), to be eligible as a dislocated worker, an employee must be eligible for or have exhausted unemployment compensation and have been employed for a duration sufficient to demonstrate attachment to the workforce but that they are not eligible for unemployment due to insufficient earnings.

**Condition** - In one instance, it was noted that there was no documentation of pay rates and as a result, no support for the individual's eligibility to receive benefits under this grant.

**Questioned Costs** - \$33

**Identification of How Questioned Costs Were Computed** - N/A

**Context** - During our testing of 25 participants, one employee did not have the appropriate documentation to support his eligibility under the dislocated worker program.

**Cause and Effect** - Due to lack of review of eligibility criteria, one client was admitted to the dislocated worker program without the appropriate support.

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
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2015-006 (Cont.)	<b>Recommendation</b> - We recommend a checklist be maintained listing the required support for eligibility and all forms of such support that can be accepted.
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**Views of Responsible Officials and Planned Corrective Actions** - The County provided additional training to staff. The County revised client filed documentation guidelines to ensure accurate supportive documents are contained in client files.

Reference Number	Finding
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2015-007	<b>CFDA Number, Federal Agency, and Program Name</b> - 17.258, 17.259, 17.278, Department of Labor WIA Cluster
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**Federal Award Identification Number and Year** - AA229421255A26, AA240991355A26, AA253601455A26, and AA267861555A26

**Pass-through Entity** - Workforce Development Agency

**Finding Type** - Material Weakness and Material Noncompliance with Laws and Regulations

**Repeat Finding** - No

**Criteria** - Per 2 CFR section 200.331(a), there are certain data points that are required to be included in subrecipient contracts.

Additionally, per 2 CFR 200.331(b), pass-through entities must "evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring".

**Condition** - During review of a sample of subrecipient contracts, it was noted that a few of the required data points were not included. Additionally, there was not a policy in place during the year to perform a risk assessment on subrecipients.

**Questioned Costs** - N/A

**Identification of How Questioned Costs Were Computed** - N/A

**Context** - During review of subrecipient monitoring for two subrecipients, it was noted that a few of the required data points were not included in the contract and risk assessments were not performed. There are four total subrecipients.

# Livingston County, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2015

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

Reference Number	Finding
2015-007 (Cont.)	<p><b>Cause and Effect</b> - Internal controls in place did not ensure compliance with the requirements under 2 CFR 200.331(a) and 2 CFR 200.331(b).</p> <p><b>Recommendation</b> - We recommend that the County review the requirements under 2 CFR 200.331(a) and 2 CFR 200.331(b) and implement them.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - As of October 1, 2015 all contracts with subrecipients have been transferred to the Southeast Michigan Consortium. The contract boiler plate language has been sent to the Consortium's legal counsel to revise in accordance with the Uniform Grant Guidance requirements.</p>

# Livingston County, Michigan

## Summary Schedule of Prior Audit Findings Year Ended December 31, 2015

Prior Year Finding Number	Fiscal Year in Which the Finding Initially Occurred	Federal Program, CFDA Number, and Name	Original Finding Description	Status/Partial Corrective Action (as applicable)	Planned Corrective Action (if finding not corrected)
2014-001	2014	N/A	Bank reconciliations were not performed timely.	Corrected	N/A
2014-002	2014	Federal Transit Cluster, CFDA# 20.507	Certain revenue amounts were not subtracted from operating expenses before requesting reimbursement and other postretirement benefits expenses were improperly included in the reimbursement request.	Corrected	N/A
2014-003	2014	Child Support Enforcement Cluster (Family Support), CFDA #93.563	Cases referred to the family support department were not addressed within the 90-day timeframe.	Corrected	N/A