

VAN BUREN COUNTY, MICHIGAN

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(Federal Awards)**

YEAR ENDED SEPTEMBER 30, 2019

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

To the Board of Commissioners
Van Buren County
Paw Paw, Michigan

Report on Compliance for Each Major Federal Program

We have audited Van Buren County, Michigan's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Van Buren County Road Commission, discretely presented component unit, which expended \$1,106,493 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2019. The Van Buren County Road Commission did not have a single audit required because the Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county whether it is subject to single audit at their level or not. During the year ended December 31, 2018, the federal aid received and expended by the Van Buren County Road Commission was \$1,106,493 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by road commission employees or private contractors paid for and administered by the road commission which are subject to single audit requirements, if the amount expended is \$750,000 or more.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Van Buren 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 September 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

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 Van Buren County, Michigan, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We did not audit the financial statements of the Van Buren County Road Commission, which represents 89%, 94%, and 88%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We issued our report thereon dated March 27, 2020, which contained unmodified opinions on those financial statements based on our audit and the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maney Costain PC

March 27, 2020

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,117
Drug Court Discretionary Grant Program Family Treatment Court	16.585	N/A	101,328
Edward Byrne Memorial Justice Assistance Grant Program Program Year 2019	16.738	N/A	<u>95,342</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			199,787
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Michigan Department of Transportation			
Formula Grants for Rural Areas Operating Assistance - Section 5311 Rural Transportation Assistance Program	20.509	2017-0136/P4 N/A	349,258 <u>3,611</u>
			352,869
Highway Safety Cluster			
Passed through Michigan Department of State Police			
State and Community Highway Safety ^(d)	20.600	PT-19-23	12,240
Passed through Michigan Supreme Court			
Alcohol Impaired Driving Countermeasures Incentive Grants ^(d) 2019 OHSP Grant	20.601	14177	<u>87,017</u>
Total Highway Safety Cluster			<u>99,257</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			452,126
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Program			
Brownfields Assessment and Cleanup Cooperative Agreements EPA Petroleum Assessment EPA Hazardous Substances Assessment	66.818	N/A N/A	155,833 <u>9,006</u>
			164,839
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program			
Substance Abuse and Mental Health Services Projects of Regional and National Significance Program Year 2018-19	93.243	N/A	452,113
Passed through Michigan Department of Human Services			
Title IV-D, Child Support Enforcement ^(c) Cooperative Reimbursement Program ^(a) Federal Incentive Payments ^(b)	93.563	CSCOM17-80003 N/A	1,167,700 <u>108,134</u>
			<u>1,275,834</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,727,947

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police			
Homeland Security Grant Program ^(c)			
2016 Homeland Security Grant Program	97.067	EMW-2016-SS-00010	\$ 221,411
2017 Homeland Security Grant Program		EMW-2017-SS-00013	507,864
2018 Homeland Security Grant Program		EMW-2018-SS-00042	<u>67,151</u>
			796,426
Emergency Management Performance Grants	97.042	EMC-2019-EP-00004	<u>35,755</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>832,181</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,376,880</u>

VAN BUREN COUNTY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren County, Michigan, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note 3. The County has elected not to use the 10 percent de minimus indirect rate allowed under the Uniform Guidance.

Federal awards of the Van Buren County Road Commission are excluded from the accompanying Schedule of Expenditures of Federal Awards. This component unit's audit report is issued under separate cover. To view copies of those reports, contact the administrative offices of the component unit or the Van Buren County Clerk's office.

NOTE 2 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (d) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursement of these contracts is passed through the State Department of Human Services (DHS). The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of Title IV-D eligible expenditures for the applicable grants. The entire amount paid by DHS for the reimbursed expenditures is considered Federal.
- (b) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues and are 100% Federal.
- (c) Denotes programs tested as "major programs".
- (d) Denotes programs required to be clustered by the United States Department of Transportation.

VAN BUREN COUNTY, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the intergovernmental revenues reported in the September 30, 2019, basic financial statements to the expenditures of the County administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State/Local Revenue	Less State/Local Revenue	Federal Award Expenditures
PRIMARY GOVERNMENT			
GENERAL FUND			
Cooperative Reimbursement Program	\$ 1,167,700	\$ -	\$ 1,167,700
IV-D Incentive	108,134	-	108,134
Substance Abuse and Mental Health Services	452,113	-	452,113
State and Community Highway Safety	12,240	-	12,240
Byrne Grant	95,342	-	95,342
OHSP Grant	87,017	-	87,017
BJA Grant	101,328	-	101,328
Emergency Management	35,755	-	35,755
Other Programs	4,621,880	4,621,880	-
TOTAL GENERAL FUND	6,681,509	4,621,880	2,059,629
SPECIAL REVENUE FUNDS			
Homeland Security Grants	796,426	-	796,426
Sheriff's Extra Voted Millage	20,847	17,730	3,117
Other Funds	1,731,103	1,731,103	-
TOTAL SPECIAL REVENUE FUNDS	2,548,376	1,748,833	799,543
ENTERPRISE FUNDS			
Public Transit	1,362,552	1,009,683	352,869
TOTAL PRIMARY GOVERNMENT	10,592,437	7,380,396	3,212,041
COMPONENT UNITS			
Brownfield Redevelopment Authority	164,839	-	164,839
TOTAL REPORTING ENTITY	\$ 10,757,276	\$ 7,380,396	\$ 3,376,880

NOTE 4 - SUBRECIPIENTS

No Federal Awards were passed through by the County to any subrecipients during the year.

**INDEPENDENT AUDITOR'S 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***

To the Board of Commissioners
Van Buren County
Paw Paw, 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 Van Buren County, Michigan (the County), as of and for the year ended September 30, 2019, 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 27, 2020. We did not audit the financial statements of the Van Buren County Road Commission, which represents 89%, 94%, and 88%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Van Buren County Road Commission, are based solely on the report of the other 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 of the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2019-003 to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2019-004 and 2019-005.

County's Response to the Finding

The County's responses to the findings identified in our audit are described in the accompanying corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Maney Costeiran PC

March 27, 2020

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.563	Cooperative Reimbursement Program
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

2019-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of property taxes receivable and related unavailable revenue, drain debt activity, amounts due from other governmental units, and beginning equity were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger. A similar issue was noted and reported in our audit comments last year.

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2019

Section II - Financial Statement Findings (continued)

2019-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS (continued)

Criteria: Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Cause: Management did not properly identify the misstatements and record the necessary adjustments.

Effect: The County's financial reports contained material misstatements that were not otherwise identified by management.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

2019-002 BANK RECONCILIATIONS

Condition: During our review of the County's internal controls, we noted that bank reconciliations were not being completed and reviewed in a timely manner. At the time of our preliminary fieldwork in October 2019 it was noted that bank reconciliations had only been performed through March 2019.

Criteria: The reconciliation process is an important part of the County's internal control and accounting procedures. The purpose of reconciliations is to ensure that general ledger account balances are supported by underlying transaction detail or third-party information. They also provide an important internal control, in that any differences identified between the underlying detail and an account balance through the reconciliation process may be indicative of an erroneous entry having been posted or inappropriate activity within the account.

Cause: Management did not perform bank reconciliations for all bank accounts maintained by the County in a timely fashion.

Effect: Without timely reconciliations and review procedures, there is an increased risk of misstatement of assets or errors that might go undetected.

Recommendation: All bank reconciliations should be completed in a timely manner (monthly) and be reviewed and agreed to physical supporting documentation by the appropriate level of management within the County.

2019-003 SEGREGATION OF DUTIES - TREASURER'S OFFICE

Condition: We noted that additional separation of duties may be necessary to strengthen internal control in the Treasurer's office. Specifically, we noted that the same individual has the ability and responsibility to process receipts, and balances the cash drawers at the end of the day, including her own drawer.

Criteria: The main concept of internal control is to assure that no one person handles all aspects of processing a transaction. Accounting duties should be segregated to the extent possible.

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2019

Section II - Financial Statement Findings (continued)

2019-003 SEGREGATION OF DUTIES - TREASURER'S OFFICE (continued)

Cause: The County Treasurer's office has a limited number of staff.

Effect: The Treasurer's office would have difficulty identifying general errors or misappropriation of funds as several accounting duties are controlled by a single individual.

Recommendation: We recommend the County take steps to ensure that the accounting duties at the Treasurer's office are segregated to the extent possible. This would include segregating the receipting and reconciling processes and/or implementing additional review procedures by an appropriate level of management to strengthen the internal control system.

2019-004 BOARD OF COMMISSIONER EXPENSE REIMBURSEMENTS

Condition: We noted that some of the expense reimbursements requested and received by members of the Board of Commissioners were for activities that were not allowed under the conditions set forth in the Board of Commissioner's handbook. We also noted the Chairman of the Board of Commissioners reviews and approves his own expense reimbursement requests. While it is within the Chairman's duties to review and approve all other board members expense reimbursements, there is not sufficient segregation of duties when he reviews his own.

Criteria: The handbook signed by all commissioners sets forth the compensation rules as follows:

"Commissioners shall receive the compensation and mileage reimbursement fixed by resolution of the Board prior to the filing deadline to run for this office. Changes in compensation shall become effective only at the time the County Board of Commissioners commence their terms of office after a general election. The per mile mileage reimbursement fixed by the Board shall not exceed the mileage reimbursement set for State officers as determined by the State Officers Compensation Commission. As used in this section, "compensation" shall not include mileage reimbursement. (MCLA 46.415)

There will be no per-diem or mileage for attending Committee of the Whole or Regular Board of Commissioner meetings. Compensation will be given for all other meetings attended while acting in the capacity of County Commissioner subject to a maximum of two per diems in one day."

Cause: Commissioners routinely claim per diem and mileage reimbursement for attending Committee of the Whole and Regular Board meetings which is directly prohibited by the Board of Commissioner's handbook. Further, per diem and mileage reimbursements are claimed for activities in which the Commissioners were not acting in the capacity of the County Board. This also directly violates the rules set forth in the handbook.

Effect: The Board of Commissioners are receiving per diem and mileage reimbursements for attending Committee of the Whole and Regular Board of Commissioner meetings in violation of County policy.

Recommendation: We recommend that the Board of Commissioners comply with County policy with regard to per diem and mileage reimbursements and consider implementing additional review procedures to ensure that all reimbursements align with the rules set forth in the Board of Commissioners handbook. We also recommend that the Chairman of the Board's requests for reimbursement be reviewed by an appropriate member of management.

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2019

Section II - Financial Statement Findings (continued)

2019-005 UNFAVORABLE BUDGET VARIANCES

Condition: We noted that the County did not adopt a budget for all Special Revenue funds, and as a result, expenditures had exceeded the amounts appropriated in some of the County's Special Revenue funds as noted in the notes to the required supplementary information.

Criteria: Michigan Public Act 621 of 1978, as amended, requires the County to adopt budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. The Public Act also requires the Board of Commissioners to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined.

Cause: The County did not appropriately budget for the transfer out of resources from several Special Revenue funds that were closed during the year.

Effect: The County has not maintained adequate control over budgetary compliance in accordance with State law.

Recommendation: We recommend the Board of Commissioners monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Section III - Federal Award Findings and Questioned Costs

None noted.



OFFICE OF COUNTY ADMINISTRATOR

219 EAST PAW PAW STREET, SUITE 201, PAW PAW, MICHIGAN 49079-1492
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CORRECTIVE ACTION PLAN

Year Ended September 30, 2019

2019-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

County personnel responsible for resolution: Ryan Post, Finance Director

Corrective action plan response: The Finance Director will work with administrative personnel in the affected departments to ensure that proper journal entries are made at year end.

Anticipated completion date: September 30, 2020

2019-002 BANK RECONCILIATIONS

County personnel responsible for resolution: Tania Sheeley, Chief Deputy Treasurer

Corrective action plan response: The Chief Deputy Treasurer will reconcile bank statements on a monthly basis.

Anticipated completion date: September 30, 2020

2019-003 SEGREGATION OF DUTIES - TREASURER'S OFFICE

County personnel responsible for resolution: Trisha Nesbitt, County Treasurer

Corrective action plan response: The County Treasurer will assess current staffing to address appropriate level of internal controls as recommended by auditors.

Anticipated completion date: September 30, 2020



OFFICE OF COUNTY ADMINISTRATOR

219 EAST PAW PAW STREET, SUITE 201, PAW PAW, MICHIGAN 49079-1492
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2019-004 BOARD OF COMMISSIONER EXPENSE REIMBURSEMENTS

County personnel responsible for resolution: John Faul, County Administrator

Corrective action plan response: The County Administrator will assist the County Board of Commissioners with the review of the Board of Commissioner's Handbook to make any necessary updates that define all eligible reimbursable activities. The County Administrator will also recommend to the Board of Commissioners to transition the approval process from the Chairman of the Board Commissioners to the Finance Committee, and if approved, then approval from the Board of Commissioners as a whole.

Anticipated completion date: September 30, 2020

2019-005 UNFAVORABLE BUDGET VARIANCES

County personnel responsible for resolution: Ryan Post, Finance Director

Corrective action plan response: The Finance Director will continue to work to ensure that proper budget adjustments are made prior to year end.

Anticipated completion date: September 30, 2020

**VAN BUREN COUNTY, MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019**

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

2018-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of cash, accounts receivable, due from other governmental units, accounts payable, interfund activity, drain activity, taxes receivable and beginning equity were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

Resolution: Issues such as this are reevaluated each year and if there are entries necessary it is noted at that time. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2019-001. As it relates to 2018, we consider this issue resolved.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

None noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

None noted.