

VAN BUREN COUNTY, MICHIGAN

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

YEAR ENDED SEPTEMBER 30, 2021

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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 of
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, 2021. 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 \$973,586 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2021. 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, 2020, the federal aid received and expended by the Van Buren County Road Commission was \$973,586 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, 2021.

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, 2021, 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 90%, 94%, and 97%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We issued our report thereon dated April 22, 2022, 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 Costeiran PC

April 22, 2022

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Michigan Economic Development Corporation Community Development Block Grant - State's Program Van Buren County Site Planning Grant	14.228	MSC 219018-EDPA	\$ <u>80,461</u>
U.S. DEPARTMENT OF JUSTICE Direct Programs			
Bulletproof Vest Partnership Program	16.607	N/A	3,624
Drug Court Discretionary Grant Program Drug Court	16.585	N/A	247,186
Criminal and Juvenile Justice and Mental Health Collaboration Program Program Year 2020	16.745	N/A	262,576
Passed through Michigan State Police COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	2020-VB-BX0434	249,529
Edward Byrne Memorial Justice Assistance Grant Program Program Year 2021	16.738	N/A	<u>40,000</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>802,915</u>
U.S. DEPARTMENT OF TRANSPORTATION Passed through Michigan Department of Transportation Formula Grants for Rural Areas ^(c)	20.509		
Operating Assistance - Section 5311		2017-0136/P10	369,851
COVID-19 - Operating Assistance - Section 5311 - CARES		2017-0136/P10	301,223
COVID-19 - Operating Assistance - Section 5311 - CARES Flex		2017-0136/P11	162,176
Capital Grant - Section 5311		2017-0176/P2	35,000
Capital Grant - Section 5311		2017-0136/P5	83,690
Rural Transportation Assistance Program		N/A	<u>4,695</u>
			956,635
Passed through State Court Administrative Office (SCAO) Highway Safety Cluster ^(d) Alcohol Impaired Driving Countermeasures Incentives Grant	20.601	22059	<u>40,317</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>996,952</u>
U.S. DEPARTMENT OF TREASURY Passed through Michigan Department of Treasury Coronavirus Relief Funds COVID-19 - PSPHPR	21.019	80-0000-PSPHPR	<u>269,390</u>
ENVIRONMENTAL PROTECTION AGENCY Direct Program	66.818		
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements EPA Petroleum Assessment		N/A	<u>60,957</u>

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program			
Substance Abuse and Mental Health Services Projects of Regional and National Significance Program Year 2020-21	93.243	N/A	<u>\$ 336,043</u>
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	1,152,474 <u>108,800</u> 1,261,274
Foster Care, Title IV-E Child and Parent Legal Representation - 2021 Part I	93.658	E20213221-00	<u>131,726</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,729,043</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Program			
COVID-19 - Disaster Grants - Public Assistance	97.036	N/A	1,275
Passed through Michigan State Police			
Homeland Security Grant Program 2017 Homeland Security Grant Program 2018 Homeland Security Grant Program 2019 Homeland Security Grant Program 2020 Homeland Security Grant Program	97.067	EMW-2017-SS-00013 EMW-2018-SS-00042 EMW-2019-SS-00021 EMW-2020-SS-00044	35,097 525,697 297,052 <u>22,008</u> 879,854
Emergency Management Performance Grants	97.042	EMC-2021-EP-00003	<u>34,968</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>916,097</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,855,815</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 (the "Schedule") includes the federal grant activity of Van Buren County, Michigan, under programs of the federal government for the year ended September 30, 2021. 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of Van Buren County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The County has elected to not use the 10-percent de minimis indirect cost 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 3 - 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 United States Department of Transportation.

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

NOTE 4 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the intergovernmental revenues reported in the September 30, 2021, 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	\$ 1,152,474	\$ -	\$ 1,152,474
IV-D Incentive	108,800	-	108,800
Foster care program	131,726	-	131,726
Specialty Courts	1,593,912	667,790	926,122
Disaster Contingency	250,804	-	250,804
Emergency Management	34,968	-	34,968
Public Safety Public Health	124,760	-	124,760
CDBG	80,461	-	80,461
Other Programs	3,493,302	3,493,302	-
	<u>6,971,207</u>	<u>4,161,092</u>	<u>2,810,115</u>
Special revenue funds			
Homeland Security Grants	879,854	-	879,854
Sheriff's Extra Voted Millage	172,093	23,839	148,254
Other Funds	861,282	861,282	-
	<u>1,913,229</u>	<u>885,121</u>	<u>1,028,108</u>
Enterprise funds			
Public Transit	1,850,661	894,026	956,635
	<u>1,850,661</u>	<u>894,026</u>	<u>956,635</u>
TOTAL PRIMARY GOVERNMENT	10,735,097	5,940,239	4,794,858
COMPONENT UNITS			
Brownfield Redevelopment Authority	60,957	-	60,957
	<u>60,957</u>	<u>-</u>	<u>60,957</u>
TOTAL REPORTING ENTITY	\$ 10,796,054	\$ 5,940,239	\$ 4,855,815
	<u>\$ 10,796,054</u>	<u>\$ 5,940,239</u>	<u>\$ 4,855,815</u>

NOTE 5 - SUBRECIPIENTS

No federal awards were passed through by the County to any subrecipients during the year.



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**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 of
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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 22, 2022. We did not audit the financial statements of the Van Buren County Road Commission, which represents 90%, 94%, and 97%, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion 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 2021-001, 2021-002, and 2021-003 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 2021-004 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter, described in the accompanying schedule of findings and questioned costs as 2021-005, that is required to be reported under *Government Auditing Standards*.

County's Responses to the Findings

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

April 22, 2022

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

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? X Yes 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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.563 20.509	Cooperative Reimbursement Program Formula Grants for Rural Areas

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

Auditee qualified as low-risk auditee? Yes X No

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2021

Section II - Financial Statement Findings

2021-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of cash, accrued liabilities, grant revenue, amounts due from other governmental units, taxes receivable and unavailable revenues 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.

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.

2021-002 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 year end fieldwork in November 2021 it was noted that bank reconciliations had only been performed through May 2021.

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. The completion of bank reconciliations subsequent to audit fieldwork contributed to a delay in the issuance of the audited financial statements and resulted in the County's audit being delinquent.

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.

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2021

Section II - Financial Statement Findings (continued)

2021-003 UNRECORDED INVESTMENTS

Condition: During our review of the County's cash and investments, it was noted that the County holds an investment in common stock that had not been recorded within the County's general ledger. Management of the County became aware of the investment during the year and are working to bring the asset under the control of County management.

Criteria: Michigan Compiled Law (MCL), Section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make initial deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have office in Michigan. The County is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investments grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units or government in Michigan.

Cause: The County held an annuity contract which demutualized and was converted to common stock. The County receives dividend payments periodically which have been recorded and deposited by the County, however the underlying investment, which may not be permitted by Public Act 20 of 1943, as amended, was not recorded within the general ledger.

Effect: The County may hold assets that are not in compliance with Public Act 20 of 1943, as amended.

Recommendation: We recommend the County's management review the investment for compliance with Michigan Compiled Law and work to bring the portfolio into compliance without incurring losses of principal, if possible. We also recommend that the County continue to investigate the origin of the investment and determine the proper use of the funds.

2021-004 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. This issue was noted and reported in our audit comments last year.

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.

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.

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2021

Section II - Financial Statement Findings (continued)

2021-005 DELINQUENT ANNUAL FINANCIAL REPORT

Condition: For the year ended September 30, 2021, the County applied for but was denied an extension of time to file the audited financial statements to the State of Michigan.

Criteria: Michigan Public Act 2 of 1968 requires that the annual financial report shall be filed within six (6) months after the end of the fiscal year of the local unit.

Cause: The County did not complete bank reconciliations in a timely manner. September bank reconciliations were complete in April 2022, which delayed the audit.

Effect: For financial information to be beneficial to the users of the financial statements it needs to be timely, when the audit is submitted late it becomes less relevant.

Recommendation: We recommend the County assure that the audit is completed within six (6) months subsequent to the fiscal year end.

Section III - Federal Award Findings and Questioned Costs

None noted.

FRANK HARDESTER
County Administrator

CARI ELMORE
Executive Assistant



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CORRECTIVE ACTION PLAN
Year Ended September 30, 2021

2021-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

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.

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, 2022

2021-002 BANK RECONCILIATIONS

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.

County personnel responsible for resolution: Kim Babcock, Chief Deputy Treasurer

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

Anticipated completion date: September 30, 2022

2021-003 UNRECORDED INVESTMENTS

Recommendation: We recommend the County's management review the investment for compliance with Michigan Compiled Law and work to bring the portfolio into compliance without incurring losses of principal, if possible. We also recommend that the County continue to investigate the origin of the investment and determine the proper use of the funds.

County personnel responsible for resolution: Ryan Post, Finance Director

Corrective action plan response: The Finance Director will review the investment for compliance with Michigan Compiled Law and work to bring the portfolio into compliance without incurring losses of principal, if possible. The Finance Director will also continue to investigate the origin of the investment and determine the proper use of funds.

Anticipated completion date: September 30, 2022

2021-004 SEGREGATION OF DUTIES - TREASURER'S OFFICE

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.

County personnel responsible for resolution: Trisha Nesbitt, County Treasurer

The County Treasurer has assessed the current staffing and has since created and filled a new full-time position to address the appropriate level of internal controls.

Anticipated completion date: September 30, 2022

2021-005 DELINQUENT ANNUAL FINANCIAL REPORT

Recommendation: We recommend the County assure that the audit is completed within six (6) months subsequent to the fiscal year end.

County personnel responsible for resolution: Trisha Nesbitt, County Treasurer

Corrective action plan response: The County Treasurer has hired additional staffing with the creation of a new full-time position to assure that bank reconciliations are completed in a timely manner, allowing the financial report to be completed within six (6) months subsequent to the fiscal year end.

Anticipated completion date: September 30, 2022

VAN BUREN COUNTY, MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)
YEAR ENDED SEPTEMBER 30, 2021

FINDINGS/NONCOMPLIANCE

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

2020-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of grant revenue and related amounts due from other governmental units 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. Similar issues were originally noted and reported as Finding 2011-2 in the audit for the year ended September 30, 2011.

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 2021-001.

2020-002 PRESENTATION OF COMPLETE AND ACCURATE TRIAL BALANCE

Condition: The general ledger maintained by the County during the year was not complete and accurate. Activity related to the County's Homeland Security Grant Program is only partially maintained in the County's computerized general ledger. Other activity related to the grant program is maintained by the Region 5 Fiduciary director in a different financial accounting software and added to the County's general ledger through journal entries subsequent to audit fieldwork. Reconciliations and related adjustments for grant activity were not completed until March 2021.

Resolution: During our review of the County's internal controls in 2021, we noted that activity related to the County's Homeland Security Grant Program appears to be recorded within the County's general ledger. We consider this finding resolved.

2020-003 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. This issue was originally noted and reported as Finding 2019-003 in the audit for the year ended September 30, 2019.

Resolution: During our review of the County's internal controls in 2021, we noted that this condition is still present and reported in the schedule of findings and questioned costs as finding 2021-003. We do not consider this finding 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.