

VAN BUREN COUNTY, MICHIGAN

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

YEAR ENDED SEPTEMBER 30, 2022



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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

**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 identified as subject to audit 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, 2022. 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 \$496,596 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2022. 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, 2021, the federal aid received and expended by the Van Buren County Road Commission was \$496,596 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, 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 91%, 94%, and 95%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We issued our report thereon dated April 28, 2023, 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.

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.

Maney Costeiran PC

April 28, 2023

**VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

<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 221014-EDME	\$ 14,175
U.S. DEPARTMENT OF JUSTICE Direct Programs			
Bulletproof Vest Partnership Program	16.607	N/A	4,522
Drug Court Discretionary Grant Program Drug Court	16.585	N/A	69,461
Criminal and Juvenile Justice and Mental Health Collaboration Program Program Year 2022	16.745	N/A	156,542
Passed through Michigan State Police COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	CESF-2022-099	20,626
Edward Byrne Memorial Justice Assistance Grant Program Program Year 2022	16.738	N/A	<u>150,150</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>401,301</u>
U.S. DEPARTMENT OF TRANSPORTATION Passed through Michigan Department of Transportation Formula Grants for Rural Areas	20.509		
COVID-19 - Operating Assistance - Section 5311 - CRRSA Rural Transportation Assistance Program		2022-0144/P1 N/A	816,246 <u>5,944</u>
			822,190
Passed through State Court Administrative Office (SCAO) Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentives Grant	20.601	PT 22-42	<u>13,214</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>835,404</u>
U.S. DEPARTMENT OF TREASURY Direct Program			
Coronavirus State and Local Relief Funds COVID-19 - American Rescue Plan Act ^(c)	21.027	N/A	<u>4,657,642</u>
ENVIRONMENTAL PROTECTION AGENCY Direct Program	66.818		
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements EPA Petroleum Assessment		N/A	<u>41,680</u>

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED SEPTEMBER 30, 2022

<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 2021-22	93.243	N/A	<u>\$ 308,590</u>
Passed through Michigan Department of Human Services			
Title IV-D, Child Support Enforcement ^(c)	93.563		
Cooperative Reimbursement Program ^(a)		CSCOM17-80003	1,250,083
Federal Incentive Payments ^(b)		N/A	<u>110,739</u>
			<u>1,360,822</u>
Foster Care, Title IV-E	93.658		
Child and Parent Legal Representation - 2022 Part I		E20223221-00	<u>103,765</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,773,177</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police			
Homeland Security Grant Program	97.067		
2019 Homeland Security Grant Program		EMW-2019-SS-00021	395,924
Emergency Management Performance Grants	97.042	EMC-2022-EP-00003	<u>18,225</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>414,149</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,137,528</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, 2022. 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 4.

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 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.

NOTE 3 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (c) 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".

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, 2022, basic financial statements to the expenditures of the County administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/ State/Local Revenue</u>	<u>Less State/Local Revenue</u>	<u>Federal Award Expenditures</u>
PRIMARY GOVERNMENT			
General fund			
Cooperative Reimbursement Program	\$ 1,250,083	\$ -	\$ 1,250,083
IV-D Incentive	110,739	-	110,739
Foster care program	103,765	-	103,765
Specialty Courts	1,303,836	605,879	697,957
Disaster Contingency	20,626	-	20,626
Emergency Management	18,225	-	18,225
CDBG	14,175	-	14,175
Other Programs	4,051,719	4,051,719	-
	<u>6,873,168</u>	<u>4,657,598</u>	<u>2,215,570</u>
Total general fund			
Special revenue funds			
Homeland Security Grants	407,460	11,536	395,924
ARPA Grant	4,657,642	-	4,657,642
Sheriff's Extra Voted Millage	24,883	20,361	4,522
Other Funds	1,100,576	1,100,576	-
	<u>6,190,561</u>	<u>1,132,473</u>	<u>5,058,088</u>
Total special revenue funds			
Enterprise funds			
Public Transit	<u>1,798,648</u>	<u>976,458</u>	<u>822,190</u>
	<u>14,862,377</u>	<u>6,766,529</u>	<u>8,095,848</u>
TOTAL PRIMARY GOVERNMENT			
COMPONENT UNITS			
Brownfield Redevelopment Authority	<u>41,680</u>	-	<u>41,680</u>
	<u>\$ 14,904,057</u>	<u>\$ 6,766,529</u>	<u>\$ 8,137,528</u>
TOTAL REPORTING ENTITY			

NOTE 5 - SUBRECIPIENTS

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



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

**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, 2022, 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 28, 2023. We did not audit the financial statements of the Van Buren County Road Commission, which represents 91%, 94%, and 95%, 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 2022-001, 2022-002, and 2022-003 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 2022-004 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 no instances of noncompliance or other matters that are 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 28, 2023

VAN BUREN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2022

Section II - Financial Statement Findings

2022-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

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

2022-002 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 2022 it was noted that bank reconciliations had only been performed through September 2021. A similar issue was noted and reported in our audit comments last year.

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, 2022

Section II - Financial Statement Findings (continued)

2022-003 RIGHTS TO ANNUITY CONTRACT

Condition: During our review of the County's cash and investments in the prior year, it was noted that the County holds an investment resulting from an annuity contract that had demutualized. The County has brought the assets under the control of County management. The County is unable to determine if the assets are the property of the County or if they should be refunded to past employees.

Criteria: The financial statements of the County should report all financial resources and liabilities of the County.

Cause: The County held an annuity contract which demutualized and was converted to common stock. During the year, the County has brought the investment under the control of County management and converted it to an authorized investment type.

Effect: The County may not hold the rights to the forfeited assets.

Recommendation: We recommend that the County continue to investigate the origin of the investment and determine the proper use of the funds.

2022-004 SEPARATION OF DUTIES

Condition: We noted that during the year, certain users of the County's financial accounting software were set up as an "Enterprise Administrator". This user classification provides for full access to all modules and information within the software. Granting or assigning Enterprise Administrator rights to individuals with ability to receipt revenue, prepare adjusting journal entries, and perform the bank reconciliations creates a lack of separation of duties.

Criteria: The main concept of internal control is to assure that no one person has the ability to handle all aspects of processing a transaction.

Cause: Granting access to the financial accounting software as Enterprise Administrator to individuals with access to the financial assets of the County and responsibility for the bank reconciliations.

Effect: The County assumes risk of misappropriation when individuals with access to the financial assets also have administrative rights to the financial accounting software and responsibility for preparing the bank reconciliations.

Recommendation: We recommend the County periodically review user classifications within the financial accounting software to ensure that administrative rights to the financial accounting software are granted or assigned to those individuals out of necessity to perform their duties. Administrative rights should not be granted or assigned to those individuals with access to the financial assets of the County.

Section III - Federal Award Findings and Questioned Costs

None noted.

JOHN FAUL
Interim County Administrator



EMANI TUNSTALL
Administrative Services Coordinator

LORNA NENCIARINI
Finance Director

ANNA CERVEN
Human Resources Director

VAN BUREN COUNTY ADMINISTRATION

Phone: (269) 657-8253
Fax: (269) 657-8252

219 E. Paw Paw Street – Suite 305
Paw Paw, MI 49079

Web: www.vanburencountymi.gov
Email: Admin@vanburencountymi.gov

CORRECTIVE ACTION PLAN
Year Ended September 30, 2022

2022-001 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: Lorna Nenciarini, Finance Director

Corrective action plan response: The Finance Director will work with all staff that have responsibility for audit functions, to develop a comprehensive list of tasks and due dates.

Anticipated completion date: September 30, 2023

2022-002 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: Trisha Nesbitt, County Treasurer

Corrective action plan response: The County Treasurer will ensure that monthly bank statements are reconciled and reviewed in a timely manner. This process will include preparing and recording necessary adjustments in the same timely manner.

Anticipated completion date: September 30, 2023

2022-003 RIGHTS TO ANNUITY CONTRACT

Recommendation: We 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: Lorna Nenciarini, Finance Director

Corrective action plan response: Working with a group of stakeholders (Human Resources, Michigan Department of Unclaimed Property, Board of Commissioners, legal counsel), the Finance Director will continue to investigate the origin of the investment and determine the proper use of funds.

Anticipated completion date: September 30, 2023

2022-004 SEPARATION OF DUTIES

Recommendation: We recommend the County periodically review user classifications within the financial accounting software to ensure that administrative rights to the financial accounting software are granted or assigned to those individuals out of necessity to perform their duties. Administrative rights should not be granted or assigned to those individuals with access to the financial assets of the County.

County personnel responsible for resolution: Lorna Nenciarini, Finance Director

Corrective action plan response: A review of user access, and adjustments of rights, has already occurred in the first half of the new fiscal year. An additional review, to include an analysis of the individual general ledger accounts that users may access, will occur in the second half of the fiscal year.

Anticipated completion date: September 30, 2023

**VAN BUREN COUNTY, MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022**

FINDINGS/NONCOMPLIANCE

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

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. 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 2022-001.

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. This issue was originally noted and reported as Finding 2021-002 in the audit for the year ended September 30, 2021.

Resolution: A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2022-002.

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. This issue was originally noted and reported as Finding 2021-003 in the audit for the year ended September 30, 2021.

Resolution: A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2022-003.

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 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 2022, we noted that the Treasurer's office has hired additional staff to assist with these functions. We consider this finding resolved.

VAN BUREN COUNTY, MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)
YEAR ENDED SEPTEMBER 30, 2022

FINDINGS/NONCOMPLIANCE (continued)

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

2022-005 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. This issue was originally noted and reported as Finding 2021-005 in the audit for the year ended September 30, 2021.

Resolution: During September 30, 2022, the County applied for and received an extension of time to file the audited financial statements. As it relates to the year ended September 30, 2021, we consider this finding resolved.

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

None noted.