

LAPEER COUNTY, MICHIGAN

**SUPPLEMENTARY INFORMATION TO
FINANCIAL STATEMENTS**

(FEDERAL AWARDS)

FOR THE YEAR ENDED DECEMBER 31, 2022

LAPEER COUNTY, MICHIGAN

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**INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners of Lapeer County
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan (the "County") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 26, 2023, which contained unmodified opinions on those financial statements. 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 the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 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.

UHY LLP

Port Huron, Michigan
September 21, 2023

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Expenditures Passed to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed Through the Michigan Department of Health and Human Services:</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services	10.557	222MI013W1003	\$ 371,815	\$ - *
Breastfeeding		212MI013W5003	15,582	- *
Breastfeeding		222MI013W5003	20,582	- *
			<u>407,979</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>407,979</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Program:</u>				
Bulletproof Vest Partnership Program -	16.607	N/A	3,800	-
<u>Passed Through the Michigan Department State Police:</u>				
Edward Byrne Memorial Justice Assistance Program	16.738	2016-MU-BX-0703	51,186	-
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>54,986</u>	<u>-</u>
U.S. DEPARTMENT OF TREASURY:				
<u>Passed Through the Michigan Department of Treasury:</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - COVID-19 American Rescue Plan Act (ARPA) Grant 2021-2024 Award	21.027	44-0000-CLFRF	1,530,827	-
TOTAL U.S. DEPARTMENT OF TREASURY			<u>1,530,827</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA):				
<u>Passed Through the Michigan Department of Environment, Great Lakes, and Energy:</u>				
<u>Drinking Water State Revolving Fund Cluster - Capitalization Grants for Drinking Water State Revolving Funds -</u>				
State DERLF Program - Source Water Assessment	66.468	FS97548720	200	- *
State DERLF Program - Standard/Operator Assistance		FS97548720	900	- *
State DERLF Program - Revised Total Coliform Rule		FS97548720	5,461	- *
			<u>6,561</u>	<u>-</u>
Total U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>6,561</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: AND HUMAN SERVICES:				
<u>Passed Through the Valley Area Agency on Aging:</u>				
<u>Aging Cluster -</u>				
Special Programs for the Aging-Title III, Part B - Grants for Supp. Services and Senior Centers - Care Management	93.044	N/A	2,778	- *
<u>Special Programs for the Aging-Title III, Part C -</u>				
Nutrition Services - Congregate Meals	93.045	N/A	57,317	- *
Home Delivered Meals		N/A	110,544	- *
			<u>167,861</u>	<u>-</u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Expenditures Passed To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):				
Nutrition Services Incentive Program -	93.053			
Congregate Meals		N/A	\$ 13,809	\$ - *
Home Delivered Meals		N/A	73,800	- *
			<u>87,609</u>	<u>-</u>
Total Aging Cluster			<u>258,248</u>	<u>-</u>
<u>Passed through the Michigan Supreme Court State Court Administrative Office:</u>				
Grants to States for Access and Visitation Programs	93.597	N/A	<u>1,700</u>	<u>-</u>
<u>Passed through the Michigan Department of Health and Human Services:</u>				
Immunization Cooperative Agreements -	93.268			
Immunization Action Plan (IAP)		NH23IP922635	34,621	- *
Immunization Action Plan (IAPP)		NH23IP922636	15,050	- *
Immunization Fixed Fees		NH23IP922635	2,450	- *
CSHCS Vaccine Initiative		NH23IP922635	2,347	- *
COVID Immunization		NH23IP922635	22,754	- *
Vaccine Doses		N/A	135,458	- *
			<u>212,680</u>	<u>-</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) -	93.323			
COVID-19 ELC COVID-19 Infection Prevention		NU50CK00510	684	*
COVID-19 Contact Tracing and Wraparound		NU50CK00510	197,220	- *
			<u>197,904</u>	<u>-</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			
COVID-19 COVID Workforce Development		NU90TP922186	<u>109,091</u>	<u>- *</u>
Child Support Enforcement -	93.563			
Friend of Court - Cooperative Reimbursement		CSFOC17-44001	759,660	-
Prosecuting Attorney - Cooperative Reimbursement		CSPA17-44002	75,612	-
Federal Incentive Payments		N/A	137,224	-
			<u>972,496</u>	<u>-</u>
Medicaid Cluster -				
Medicaid Assistance Program (Title XIX) -	93.778			
CSHCS CC - Care Coordination:				
Title V/XIX Clients		2205MI5MAP	9,185	- *
CSHCS CC - Case Management Services:				
Title V/XIX		2005M15MAP	403	- *
CSHCS - Outreach & Advocacy		2205MI5ADM	20,660	- *
OBRA Pre-admission Screenings and Resident Reviews (PASRR)		E20220881-00	110,144	- *
			<u>140,392</u>	<u>-</u>
National Bioterrorism Hospital Preparedness Program -	93.889			
Bioterrorism (10/1/21-6/30/2022)		U3REP190584	74,758	- *
Bioterrorism (7/1/22-9/30/2022)		U3REP190584	29,119	- *
Bioterrorism Cities Ready Initiative		U3REP190584	7,135	- *
Bioterrorism Cities Ready Initiative		U3REP190584	2,545	- *
			<u>113,557</u>	<u>-</u>
Block Grants for Community Mental Health Services -	93.958			
Golden Arrow Drop In		E20220657-00	2,450	- *
ACT		N/A	5,594	- *
Veterans Navigator		E20220658-00	62,392	- *
			<u>70,436</u>	<u>-</u>
Maternal and Child Health Services Block Grant -	93.994			
MCH - Children		BO445223	28,966	- *
MCH - All Other		BO445223	2,500	- *
CSHCS CC - Care Coordination: Title V Clients		BO445223	7,040	- *
			<u>38,506</u>	<u>-</u>

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures	Expenditures Passed To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd): AND HUMAN SERVICES (cont'd):				
Total Passed Through Michigan Department of Health and Human Services			\$ 1,855,062	\$ -
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,115,010</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed Through the Michigan Department of Natural Resources:</u>				
Boating Safety Financial Assistance - Marine Safety	97.012	N/A	10,478	-
<u>Passed Through the Michigan Department of State Police:</u>				
Emergency Management Performance Grant	97.042	EMC-2018-EP-00002	30,390	-
<u>Passed Through Iosco County, Michigan:</u>				
Homeland Security Grant Program FY 19	97.067	EMW-2019-SS-00021	7,500	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>48,368</u>	<u>-</u>
Total Federal Awards			<u>\$ 4,163,731</u>	<u>\$ -</u>

LAPEER COUNTY, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lapeer County (the "County") for the year ended December 31, 2022. Expenditures reported on the Schedule are reported on the same basis of accounting, the *modified accrual basis*, as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The County passes a certain amount of these federal awards to other local governments and agencies (subrecipients) who provide the actual program services. These awards passed through to subrecipients are recognized as expenditures by the County in the period the program services are provided.

The County has elected not to use the 10% de Minimis cost rate allowed under the Uniform Guidance.

The County's reporting entity is described in Note 1 to the County's basic financial statements. The County's financial statements include the operations of the Lapeer County Road Commission presented as a discretely presented component unit and the Lapeer County Medical Care Facility presented as a major fund, which received federal awards that are not included in the Schedule for the year ended December 31, 2022, as these entities were audited separately, and if necessary, audits in accordance with the Uniform Guidance are issued.

Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the net position, changes in net position, or cash flows of the County.

NOTE 2 - FISCAL REPORTING:

Certain County departments and their grants are reported on a September 30 year-end basis; these are denoted on the Schedule with an asterisk (*).

NOTE 3 - NONCASH ASSISTANCE:

The value of Vaccine Doses, part of the Immunization Cooperative Agreements (CFDA #93.268), has been valued on the Schedule based on the assessed value provided by the Michigan Department of Health and Human Services (pass-through grantor).

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 Lapeer County
Lapeer, 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 Lapeer County, Michigan (the “County”) as of and for the year ended December 31, 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 July 26, 2023. Our report includes the Lapeer County Road Commission, reported as a discretely presented component unit, and Lapeer County Community Mental Health and the Lapeer County Medical Care Facility, reported as major funds, which were audited separately. This report does not include the results of internal control over financial reporting and on compliance and other matters for this component unit and major funds.

Report on Internal Control over Financing 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 on the effectiveness of the County’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001, that we consider to be a significant deficiency.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated July 26, 2023.

Lapeer County, Michigan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lapeer County, Michigan's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Lapeer County, Michigan's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lapeer County, Michigan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Port Huron, Michigan
July 26, 2023

**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 Lapeer County
Lapeer, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lapeer 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 December 31, 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 Lapeer County Road Commission (the "Road Commission") as a discretely presented component unit, which expended \$1,758,506, and the Lapeer County Medical Care Facility (the "Medical Care Facility") as a major fund, which expended \$170,572 in federal awards and which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2022. The Road Commission and Medical Care Facility were audited under *Government Auditing Standards* separately, and audits in accordance with the Uniform Guidance were not required.

In our opinion, Lapeer County, Michigan compiled in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 judgement 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 judgement 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.

We noted certain matters that we reported to management in a separate letter dated September 21, 2023.

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.

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Port Huron, Michigan
September 21, 2023

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified?	_____ yes <u> x </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> x </u> yes _____ no
Noncompliance material to financial statements noted?	_____ yes <u> x </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u> x </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes <u> x </u> no
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a) of the Uniform Guidance?	_____ yes <u> x </u> no

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
#21.027	Coronavirus State & Local Fiscal Recovery Fund
#10.557	Special Supplemental Nutrition Program for Women, Infants, & Children

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

LAPEER COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

Section II – Financial Statement Findings:

2022-001: Preparation of the Financial Statements in Accordance with Generally Accepted Accounting Principles (Repeat finding 2021-003)

Type: Significant deficiency in internal control over financial reporting

Criteria: Accounting standards specify that management must design, implement, and maintain control related policies and procedures to assure that financial data is properly assembled, analyzed, classified, recorded, and reported. This includes the preparation of the Annual Comprehensive Financial Report (ACFR) prepared in accordance with generally accepted accounting principles and the presentation requirements of the Government Finance Officers Association

Condition: The County has historically relied on its independent external auditors for their expertise and technical skills to prepare and present the ACFR in accordance with generally accepted accounting principles, including the footnotes and the government-wide presentation required by GASB Statement No. 34 as part of the annual audit process.

Cause: The County has made the decision that it is more cost effective/efficient to outsource the preparation of its ACFR to the external auditors than to incur the time and expense of obtaining the necessary training and expertise required to prepare the report in accordance with generally accepted accounting principles.

Effect: There is the possibility that a misstatement of the County's ACFR that is more than inconsequential could occur and not be prevented or detected by the County's current internal control process.

Recommendation: With the implementation of any internal control procedure, both the efficiency and cost must be evaluated with the risk. We recommend that the County continue to evaluate the risk and cost of not performing this internal control function in-house.

View of responsible officials and planned corrective action: Management agrees with the finding. Management is in the process of preparing the view of responsible officials and planned corrective action, which will be incorporated in the Single Audit Financial Report.

Section III – Federal Award Program Findings and Questioned Costs:

There were no federal award findings or questioned costs.

LAPEER COUNTY, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

The responses below for findings identified in the 2021 single audit, identified as 2021-001 through 2021-004, were provided by Jackie Arnold, Chief Financial Officer of Lapeer County.

Finding 2021-001:

2021-001: Material adjusting entries were proposed to correct the County's general ledger to properly reflect the appropriate balances in accordance with GAAP.

Status of finding: Corrective action has been taken.

Finding 2021-002:

2021-002: Bank reconciliations should be completed timely.

Status of finding: Corrective action has been taken.

Finding 2021-003:

2021-003: The County does not currently possess the in-house capabilities to evaluate whether the financial statement presentation and disclosures are in accordance with GAAP.

Status of finding: The County has not cleared this finding, which has been repeated in the current year as finding 2022-001.

Reason for reoccurrence: The County has determined that it is more cost-effective to outsource the preparation of the financial statements and footnotes to the auditors than incur the time and expense of preparing in-house.

Planned corrective action: See page 14

Finding 2021-004:

2021-004: Reconciliation of the Clerk's Restitution custodial liability account in the general ledger to subsidiary records is not being performed on a regular basis.

Status of finding: Corrective action has been taken.

**LAPEER COUNTY
ADMINISTRATION OFFICE
AND FINANCE DEPARTMENT**

*County Complex Building
255 Clay Street
Lapeer, MI 48446*

Phone (810) 667-0366

Fax (810) 667-0369

E-mail: jarnold@lapeercounty.org

September 13, 2023

County corrective action plan required for the “Schedule of Findings and Questioned Costs” for the year ended December 31, 2022.

Section II – Financial Statement Findings

2022-001: Preparation of the Financial Statements in Accordance with Generally accepted Accounting Principles

County Response:

The County has decided that it is more cost effective to outsource the preparation of the financial statements and footnotes to the auditors than incur the time and expense of preparing in-house. No further action is considered necessary at this time.

Sincerely,

Jacqueline Arnold
Chief Financial Officer