

**County of Sanilac**

**Single Audit**

**December 31, 2020**



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

### **Independent Auditors' Report**

Management and the Board of Commissioners  
County of Sanilac  
Sandusky, 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 the County of Sanilac, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Sanilac's basic financial statements, and have issued our report thereon dated June 28, 2021. Our report includes a reference to other auditors who audited the financial statements of Sanilac County Mental Health Authority, Sanilac County Road Commission, and Sanilac Transportation Corporation, as described in our report on the County of Sanilac's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Sanilac's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Sanilac's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Sanilac'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 were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Sanilac'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*.

### **County of Sanilac's Response to Finding and Corrective Action Plan**

The County of Sanilac's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County of Sanilac's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
June 28, 2021



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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **Independent Auditors' Report**

Management and the Board of Commissioners  
County of Sanilac  
Sandusky, Michigan

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

We have audited the County of Sanilac's 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 of Sanilac's major federal programs for the year ended December 31, 2020. The County of Sanilac's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Our report includes a reference to other auditors who audited the financial statements of Sanilac County Mental Health Authority, Sanilac County Road Commission and Sanilac Transportation Corporation, as described in our report on the County of Sanilac's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

The County of Sanilac's basic financial statements include the operations of Sanilac County Mental Health Authority, Sanilac County Road Commission and Sanilac Transportation Corporation, which received \$127,798, \$1,482,358, and \$536,872, respectively, in federal awards, which are not included in the schedule during the year ended December 31, 2020. Our audit, described below, did not include the operations of Sanilac County Mental Health Authority, Sanilac County Road Commission and Sanilac Transportation Corporation because Sanilac County Mental Health Authority, Sanilac County Road Commission and Sanilac Transportation Corporation engaged other auditors and an audit in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was not required based on the nature of the federal award contracts.

#### **Management's Responsibility**

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

## **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County of Sanilac'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 of Sanilac'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 of Sanilac's compliance.

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

In our opinion, the County of Sanilac complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## **Emphasis of Matter**

We have previously audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 the County of Sanilac, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2021. Our opinion is not modified with respect to this matter.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the County of Sanilac 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 of Sanilac'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 of Sanilac'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

The County's response to the internal control over the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or corrective action plan.

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 the County of Sanilac, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Sanilac's basic financial statements. We issued our report thereon dated June 28, 2021, 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 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 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.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
August 12, 2021

**County of Sanilac**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Assistance Listing Number	Federal Expenditures	Current Year Cash Transferred to Subrecipient
<b>U.S. Department of Agriculture</b>				
Passed through the Michigan Department of Health and Human Services				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	182MI013W5003	10.557	\$ 15,000	\$ -
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	192MI013W5003	10.557	12,000	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	202MI003W1003	10.557	205,426	-
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			<u>232,426</u>	<u>-</u>
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	<u>684,000</u>	<u>684,000</u>
Community Facilities Loans and Grants	N/A	10.766	<u>72,671</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>989,097</u>	<u>684,000</u>
<b>U.S. Department of Justice</b>				
Passed through the Office of Justice Programs, Bureau of Justice Assistance				
Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0434	16.034	<u>88,423</u>	<u>-</u>
<b>U.S. Department of Treasury</b>				
Passed through the Michigan Department of Treasury				
Coronavirus Relief Fund				
Coronavirus Relief Local Government Grants (CRLGG)	N/A	21.019	348,536	-
First Responder Hazard Pay Premiums Program (FRHPPP)	SLT0040/SLT0247	21.019	72,000	-
Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)	N/A	21.019	505,811	-
CRF Local Health Department Contact Tracing	N/A	21.019	79,800	-
COVID-19 Nursing Facility Personal Protection Equipment Grants	N/A	21.019	45,664	-
Infection Control Grant	N/A	21.019	21,981	-
Child Welfare During COVID-19 Grant	COVID 21-483 COVID	21.019	5,202	-
Direct Care Reimbursement Due Nursing Home	N/A	21.019	97,975	-
Total Coronavirus Relief Fund			<u>1,176,969</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Passed through the Department of Environment, Great Lakes & Energy				
Beach Monitoring and Notification Program Implementation Grant	CU00E99307	66.472	<u>5,000</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the Michigan Department of Health and Human Services				
Public Health Emergency Preparedness	U3REP190584	93.069	79,408	-
Public Health Emergency Preparedness	NU90TP921906	93.069	10,422	-
Public Health Emergency Preparedness	NU90TP922062	93.069	28,230	-
Total Public Health Emergency Preparedness			<u>118,060</u>	<u>-</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	NU90TP921906	93.116	24	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	NU90TP922062	93.116	76	-
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs			<u>100</u>	<u>-</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**County of Sanilac**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Assistance Listing Number	Federal Expenditures	Current Year Cash Transferred to Subrecipient
Family Planning Services	FPHPA006464	93.217	\$ 77,120	\$ -
Immunization Cooperative Agreements	NH23IP922635	93.268	26,684	-
Immunization Cooperative Agreements	N/A	93.268	60,085	-
Total Immunization Cooperative Agreements			<u>86,769</u>	<u>-</u>
Epidemiology And Laboratory Capacity for Infectious Diseases (ELC)	NU50CK00510	93.323	122,586	-
COVID-19 Epidemiology And Laboratory Capacity for Infectious Diseases (ELC)	N/A	93.323	474,693	-
Total Epidemiology And Laboratory Capacity for Infectious Diseases (ELC)			<u>597,279</u>	<u>-</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Reponse: Public Health Crisis Response	NU90TP22074	93.354	187,000	-
Child Support Enforcement	CS/FOC13.76001	93.563	305,588	-
Child Support Enforcement	CS/PA-13-76002	93.563	48,998	-
Child Support Enforcement	N/A	93.563	64,081	-
Total Child Support Enforcement			<u>418,667</u>	<u>-</u>
Medicaid Cluster - Medical Assistance Program	2005MI5ADM	93.778	43,006	-
Medicaid Cluster - Medical Assistance Program	2005MI5MAP	93.778	2,419	-
Total Medicaid Cluster - Medical Assistance Program			<u>45,425</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States	B04MC33846	93.994	33,325	-
Maternal and Child Health Services Block Grant to the States	B04MC31495	93.994	7,978	-
Total Maternal and Child Health Services Block Grant to the States			<u>41,303</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,571,723</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
Passed through the Michigan Department of State Police				
Emergency Management Performance Grants	N/A	97.042	24,278	-
Homeland Security Grant Program	N/A	97.067	100,134	-
Total U.S. Department of Homeland Security			<u>124,412</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 3,955,624</u>	<u>\$ 684,000</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**County of Sanilac**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**December 31, 2020**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Sanilac (the County) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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, changes in net position, or cash flows of the County.

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

**Expenditures**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate**

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

**Note 3 - Reconciliation to the Financial Statements**

Governmental funds - intergovernmental revenue	\$	4,617,624
Component units - intergovernmental revenue		3,547,171
Total intergovernmental revenue		8,164,795
Less: state and local contributions		(4,209,171)
Total expenditures of federal awards	\$	<u>3,955,624</u>

**Note 4 - Subrecipients**

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

Assistance Listing Number	Amount
10.760	\$ 684,000

**County of Sanilac**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**December 31, 2020**

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**Note 5 - Donated Personal Protective Equipment (Unaudited)**

The County received donated personal protective equipment (PPP) during fiscal year 2020 from the national stockpile in order to prevent the spread of the COVID-19 virus. The estimated dollar amount of donated PPP received by the County was \$33,000.



**County of Sanilac**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2020**

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**Section II – Government Auditing Standards Findings**

**Finding 2020-001, 2019-001: Material Weakness – Audit Adjustments**

<b>Criteria:</b>	Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.
<b>Condition:</b>	Material journal entries were proposed by the auditors to properly account for various financial statement amounts. These misstatements were not detected by the County’s internal control over financial reporting in a timely manner. These entries were considered qualitatively or quantitatively material to various funds.
<b>Cause and Effect:</b>	Several employees across various departments were relatively new to their positions in 2020 and therefore there were learning curves to their new roles. This resulted in material journal entries that were not detected by the County’s internal control over financial reporting.
<b>Recommendation:</b>	We recommend that the County take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded.
<b>Views of Responsible Officials:</b>	Management agrees with the finding.

**County of Sanilac**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2020**

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**Section III – Federal Award Findings**

**Finding 2020-002: Significant Deficiency and Noncompliance – Uniform Guidance Policies and Procedures**

**Criteria:** Management is responsible for updating policies and procedures to be in compliance with Uniform Guidance.

**Condition:** The County’s federal policies and procedures are lacking several explicit policies and procedures required by Uniform Guidance related to the following areas: procurement, (lacking language related to bid procedures), cash management, subrecipient monitoring, and maintenance and tracking of federal equipment. While the County does have policies and procedures related to these areas, they have not been updated to reflect required language by the Uniform Guidance.

**Cause and Effect:** The County is missing Uniform Guidance specific language in policies and procedures which results in noncompliance.

**Recommendation:** We recommend that the County review the requirements of the Uniform Guidance and update all applicable policies and procedures that are lacking required elements to ensure they are in compliance.

**Views of Responsible Officials:** Management agrees with the finding.

**County of Sanilac**  
**Summary Schedule of Prior Audit Findings**  
**December 31, 2020**

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**Section IV – Prior Audit Findings**

***Government Auditing Standards Findings***

**Finding 2019-001: Material Weakness – Audit Adjustments**

**Criteria:** Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

**Status:** Continues to be a finding in the current year, see current year finding 2020-001.

**Finding 2019-002: Material Weakness – Expenditures in Excess of Appropriations**

**Criteria:** In accordance with MCL 141.421, the County is prohibited from expending funds that are not authorized or approved in their budget.

**Status:** Finding has been corrected.

**Finding 2019-003: Material Weakness and Material Noncompliance – Component Unit Omitted**

**Criteria:** Sanilac County Community Mental Authority (SCCMHA) has historically been improperly omitted from the reporting entity and should have been reported as a discretely presented component unit of the County.

**Status:** Finding has been corrected.

**Finding 2019-00: Material Weakness – Prior Period Adjustments**

**Criteria:** Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles

**Status:** Finding has been corrected.

**Federal Award Findings**

There were no findings or questioned costs for Federal Awards for the year ended December 31, 2019.



# SANILAC COUNTY BOARD OF COMMISSIONERS

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City of Marlette  
Marlette

August 12, 2021

Ms. Jamie L. Rivette, CPA, CGFM  
Yeo & Yeo CPA's & Business Consultants  
5300 Bay Rd. Ste. 100  
Saginaw, MI 48604

RE: Corrective Action Plan – Sanilac County 2020 Single Audit, Federal Award Findings

Dear Ms. Rivette,

Sanilac County experienced significant deficiency and noncompliance as noted in the audit report for year ending December 31, 2020. The finding identified, 2020-002, is a significant deficiency and noncompliance regarding uniform guidance policies and procedures. The County's current policies and procedures were identified as lacking several explicit policies and procedures as required by Uniform Guidance relating to procurement (lacking language to bid procedures), cash management, sub-recipient monitoring, and maintenance and tracking of federal equipment.

While the County currently has in place a Federal Grant Compliance Policy, which addresses the items identified above, management agrees that the policy can be enhanced and improved to clarify the expectations for compliance with Uniform Guidance.

The Federal Grant Compliance Policy has been modified and will be presented to the Policy Committee for review and input at an upcoming meeting this fall, with an anticipated Board adoption no later than November 30, 2021.

Respectfully,

Tara Griffith  
Administrator/Controller