

**Community Mental Health Partnership
of Southeast Michigan**

Federal Awards
(Supplementary Information
To Financial Statements)
September 30, 2019



RPC
Roslund Prestage & Company
CERTIFIED PUBLIC ACCOUNTANTS

Community Mental Health Partnership of Southeast Michigan
Federal Awards
Supplementary Information to Financial Statements
September 30, 2019

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Community Mental Health Partnership of Southeast Michigan
Ann Arbor, 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 business-type activities, each major fund, and the aggregate remaining fund information of Community Mental Health Partnership of Southeast Michigan (the Entity) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated June 2, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Sincerely,

A handwritten signature in black ink that reads "Roslund, Prestage & Company, P.C." The signature is written in a cursive, flowing style.

Roslund, Prestage & Company, P.C.
June 2, 2020



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

To the Members of the Board
Community Mental Health Partnership of Southeast Michigan
Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited Community Mental Health Partnership of Southeast Michigan's (the Entity'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 Entity's major federal programs for the year ended September 30, 2019. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

The Entity's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Entity'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 Entity 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 Entity'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 Entity'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Community Mental Health Partnership of Southeast Michigan as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements. We issued our report thereon dated June 2, 2020, 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.

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.



Roslund, Prestage & Company, P.C.
Certified Public Accountants

December 28, 2020

Community Mental Health Partnership of Southeast Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Block Grants For Community Mental Health Services					
PMTO	93.958	MDHHS	20191172-00	\$ 39,875	\$ 39,875
Clubhouse Engagement	93.958	MDHHS	20192812-00	63,322	63,322
Total CFDA #93.958				<u>103,197</u>	<u>103,197</u>
Block Grants for Prevention and Treatment of Substance Abuse					
Prevention	93.959	MDHHS	1800000755-5	1,285,171	-
Community Grant	93.959	MDHHS	1800000755-5	2,988,502	856,665
Total CFDA #93.959				<u>4,273,673</u>	<u>856,665</u>
Opioid STR					
Opioid State Targeted Response	93.788	MDHHS	1800000755-5	729,258	-
State Opioid Response	93.788	MDHHS	20193104-00	543,612	147,170
State Opioid Response Supplemental	93.788	MDHHS	20193104-00	8,537	-
Total CFDA #93.788				<u>1,281,407</u>	<u>147,170</u>
Total Expenditures of Federal Awards				<u>\$ 5,658,277</u>	<u>\$ 1,107,032</u>

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

Community Mental Health Partnership of Southeast Michigan
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Mental Health Partnership of Southeast Michigan under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Community Mental Health Partnership of Southeast Michigan, it is not intended to and does not present its financial position or changes in net position of Community Mental Health Partnership of Southeast Michigan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

NOTE 3 – INDIRECT COST RATE

Community Mental Health Partnership of Southeast Michigan has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Community Mental Health Partnership of Southeast Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major program:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.788	Opioid STR

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

- Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-001: CASH MANAGEMENT

Type: Immaterial Noncompliance

Program: CFDA #93.788 Opioid STR

Criteria: Per 2 CFR 200.403(f), expenses shall, “not be included as a cost or used to meet cost sharing or matching requirements of any other federally-funded programs in either the current or a prior period”.

Condition: The final financial status report for this grant included costs that were also charged to, and reimbursed by, another grant.

Cause/Effect: This condition appears to be the result of a failure to move expenses to the proper funding source prior to requested reimbursement.

Questioned Cost: \$47,227.00

Recommendation: We recommend that the Entity ensure that all requests for reimbursement are supported by costs that are chargeable to the grant and recorded in a detailed general ledger that tracks expenses for that grant. In addition, the Entity should adopt and implement procedures to ensure that costs are only charged to one funding source/grant.

View of Responsible Official: Management is in agreement with this recommendation

2019-002: ACTIVITIES ALLOWED/ALLOWABLE COSTS/PERIOD OF PERFORMANCE

Type: Immaterial Noncompliance

Program: CFDA #93.788 Opioid STR

Criteria: Per 2 CFR 200.403(h), “Costs must be incurred during the approved budget period.”

Condition: During test we noted that \$66.24 was charged to the grant for prior year costs.

Cause/Effect: This condition appears to be the result of an effort to clear a prior year balance sheet account to various expense line items.

Questioned Cost: \$66.24

Recommendation: We recommend that the Entity adopt and implement procedures to ensure that costs charged to a grant are for the approved budget period only.

View of Responsible Official: Management is in agreement with this recommendation.

Community Mental Health Partnership of Southeast Michigan
Schedule of Prior Audit Findings
For the Year Ended September 30, 2019

No prior year findings.



**COMMUNITY MENTAL
HEALTH PARTNERSHIP
OF SOUTHEAST
MICHIGAN (CMHPSM)
REGION SIX**

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Ralph Tillotson

PARTNER CMHSPs

Lenawee Community
Mental Health Authority

Livingston County
Community Mental Health
Authority

Monroe County Community
Mental Health Authority

Washtenaw County
Community Mental Health

Finding 2019-001 CASH MANAGEMENT

Management agrees with this finding and has already implemented a policy where the person who enters the activity is not the person who submits the request for reimbursement. The person who submits the grants does so from a report that lists all allowable costs for the grant period and divides them into the applicable grant.

This process will prevent any future charging of expenses to multiple grants.

Matt Berg, CFO, was responsible for implementing this plan which was completed August 1, 2020.



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PARTNER CMHSPs

Lenawee Community
Mental Health Authority

Livingston County
Community Mental Health
Authority

Monroe County Community
Mental Health Authority

Washtenaw County
Community Mental Health

Finding 2019-002 ACTIVITIES ALLOWED/ALLOWABLE COSTS/PERIOD OF PERFORMANCE

Management agrees with his finding and has implemented a policy of reviewing all costs allocated to grants including a review of the dates of activity. No expenses are allowed for prior year activities. Accounts are reconciled on a monthly basis to ensure that costs only appear in the approved budget period.

Matt Berg, CFO, was responsible for implementing this plan which was completed August 1, 2020.