

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

Grand Rapids, Michigan

Additional Reports Required by
the Uniform Guidance

For the nine months ended
September 30, 2019

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WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended 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

July 30, 2020

To the Board of Directors
West Michigan Partnership for Children
Grand Rapids, 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 West Michigan Partnership for Children (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and cash flows for the nine months then ended, and the related notes to the financial statements, and have issued our report thereon dated July 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Michigan Partnership for Children’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 West Michigan Partnership for Children’s internal control. Accordingly, we do not express an opinion on the effectiveness of West Michigan Partnership for Children’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 West Michigan Partnership for Children'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Grand Rapids, Michigan

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

July 30, 2020

To the Board of Directors
West Michigan Partnership for Children
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited West Michigan Partnership for Children'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 West Michigan Partnership for Children's major federal programs for the nine months ended September 30, 2019. West Michigan Partnership for Children's major federal program is 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 West Michigan Partnership for Children'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 West Michigan Partnership for Children'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 West Michigan Partnership for Children's compliance.

Opinion on Each Major Federal Program

In our opinion, West Michigan Partnership for Children 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 nine months 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 2020-001, and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

West Michigan Partnership for Children's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Michigan Partnership for Children'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 West Michigan Partnership for Children 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 West Michigan Partnership for Children'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 West Michigan Partnership for Children's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001, and 2020-002, that we consider to be significant deficiencies.

West Michigan Partnership for Children's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Michigan Partnership for Children's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 West Michigan Partnership for Children as of and for the nine months ended September 30, 2019 and have issued our report thereon dated July 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.



Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S Department of Health and Human Services		
Passed through Michigan Department of Health and Human Services:		
Temporary Assistance for Needy Families (TANF) Cluster:		
Temporary Assistance for Needy Families (TANF): E20192936-00	93.558	\$ 1,541,291
Foster Care - Title IV-E: E20192936-00	93.658	5,155,043
Adoption Assistance - Title IV-E: E20192936-00	93.659	862,824
Social Services Block Grant: E20192936-00	93.667	3,922,260
Medical Assistance Program - Medicaid Administration: E20192936-00	93.778	142,769
Promoting Safe and Stable Families: E20193330-00 - Adoptive Foster Parent Recruitment and Retention	93.556	20,858
E20193326-00 - Youth in Transition		<u>108,250</u>
Total Promoting Safe and Stable Families Grant		<u>129,108</u>
Total Passed through Michigan Department of Health and Human Services		<u>11,753,295</u>
Total U.S. Department of Health and Human Services		<u>11,753,295</u>
Total Federal Financial Assistance		<u>\$ 11,753,295</u>

Accrued (Deferred) Revenue At January 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Passed Through to Sub-recipients	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At September 30, 2019
\$ -	\$ 2,997,604	\$ 1,541,291	\$ 579,810	\$ 1,541,291	\$ -
-	5,696,910	5,155,043	4,136,344	5,155,043	-
-	906,257	862,824	754,074	862,824	-
-	2,529,864	3,922,260	2,180,586	3,922,260	-
-	206,193	142,769	124,776	142,769	-
-	-	10,783	-	250	10,533
-	-	22,654	-	382	22,272
-	-	33,437	-	632	32,805
-	12,336,828	11,657,624	7,775,590	11,624,819	32,805
-	12,336,828	11,657,624	7,775,590	11,624,819	32,805
\$ -	\$ 12,336,828	\$ 11,657,624	\$ 7,775,590	\$ 11,624,819	\$ 32,805

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of West Michigan Partnership for Children under programs of the federal government for the nine months ended September 30, 2019. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of West Michigan Partnership for Children, it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Michigan Partnership for Children.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No accruals have been recorded on the Schedule for amounts passed through to subrecipient due to a unique funding methodology employed by the grantor agency, the Michigan Department of Health and Human Services (MDHHS). The Organization is required to report all expenditures incurred during the audit period on quarterly cost reports and submit to MDHHS, who analyzes and makes a determination of the Federal award under which the costs will be claimed. An allocation of all Organization expenditures to their respective funding source, both Federal and State, was provided by MDHHS subsequent to year-end. Whereas a grant receivable existed at September 30, 2019, and is properly reflected in the financial statements of the Organization, the federal portion is indeterminable based on the aforementioned funding methodology.

Note C – Indirect Cost Rate

West Michigan Partnership for Children has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

Note D – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Temporary Assistance for Needy Families (TANF) Cluster	\$ 1,541,291	\$ 1,541,291	\$ -
Foster Care - Title IV-E	5,155,043	5,155,043	-
Adoption Assistance - Title IV-E	862,824	862,824	-
Social Services Block Grant	3,922,260	3,922,260	-
Medical Assistance Program - Medicaid Administration	142,769	142,769	-
Promoting Safe and Stable Families	33,437	33,437	-
	<u>\$ 11,657,624</u>	<u>\$ 11,657,624</u>	<u>\$ -</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months 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 programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? X Yes _____ 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 Part 200?

 X Yes _____ No

Identification of major programs audited:

 93.658 Foster Care - Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs:

 \$750,000

Auditee qualified as a low-risk auditee?

 X Yes _____ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

Current Year Findings

2019-001 **Federal Written Procedures**
Repeat of
2018-001

Finding type: Significant deficiency in internal control over major programs.

Programs Impacted: Foster Care - Title IV-E.

Criteria: Uniform Guidance, 2 CFR 200.303, requires that the Organization establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: The Organization has not developed written procedures that are consistent with requirements imposed by the Uniform Guidance.

Cause: The Organization has developed written financial procedures, however due to an emphasis on grant compliance have not dedicated the resources necessary to document written procedures that are in compliance with all requirements imposed by the Uniform Guidance.

Effect: Control activities of the Organization were in some cases ineffective or nonexistent, thereby increasing the risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the Federal awards administered.

Questioned Costs: \$0 for all programs.

Recommendation: We recommend that the Organization compile and adhere to Federal Written Procedures that support an effective control environment and provide reasonable assurance that the Organization is in compliance with all requirements imposed by the Uniform Guidance.

Views of Responsible Officials: The Organization agrees with the finding and will compile and adhere to Federal Written Procedures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

2019-002 **Subrecipient Monitoring**
Repeat of
2018-002

Finding type: Significant deficiency in internal control over major programs and noncompliance.

Programs Impacted: Foster Care - Title IV-E.

Criteria: Uniform Guidance, 2 CFR 200.331(a), requires that all pass-through entities communicate to their subrecipient(s) specific information necessary to identify the Federal Awards and, when some information is not available, that they provide subrecipients with the best information available to describe the Federal awards.

Condition: The Organization did not identify all required detail necessary to adequately describe the Federal awards, including total expenditures by Federal program, passed through to subrecipients. Whereas some of this information was not known to the Organization at the time of the award, subsequent communications to subrecipients were not made timely.

Cause: The Organization did not receive detail of the Federal awards passed through to subrecipients until their grantor agency, the Michigan Department of Health and Human Services (MDHHS), provided such detail well after the audit period had closed.

Effect: Subrecipients were not provided with the information necessary to ensure compliance with all federal requirements. Since the Organization does not know which Federal award MDHHS will use to fund their grant until after it has been spent, agreements with their subrecipients are incomplete and compliance with its terms does not ensure compliance with all federal program requirements.

Questioned Costs: \$0 for all programs.

Recommendation: We recommend that the Organization implement control procedures to ensure that all required Federal award information is provided to subrecipients, as required by the Uniform Guidance.

Views of Responsible Officials: The Organization agrees with the finding and will implement control procedures to ensure that all required Federal award information is communicated to subrecipients.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

2018-001 Federal Written Procedures

Finding type: Significant deficiency in internal control over major programs.

Programs Impacted: Foster Care - Title IV-E.

Criteria: Uniform Guidance, 2 CFR 200.303, requires that the Organization establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: The Organization has not developed written procedures that are consistent with requirements imposed by the Uniform Guidance.

Cause: The Organization has developed written financial procedures, however due to an emphasis on grant compliance have not dedicated the resources necessary to document written procedures that are in compliance with all requirements imposed by the Uniform Guidance.

Resolution: The finding has not been resolved. See Finding 2019-001.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the nine months ended September 30, 2019

2018-002 Subrecipient Monitoring

Finding type: Significant deficiency in internal control over major programs and noncompliance.

Program Impacted: 93.658, Foster Care - Title IV-E.

Criteria: Uniform Guidance, 2 CFR 200.331(a), requires that all pass-through entities communicate to their subrecipient(s) specific information necessary to identify the Federal Awards and, when some information is not available, that they provide subrecipients with the best information available to describe the Federal awards.

Condition: The Organization did not identify all required detail necessary to adequately describe the Federal awards that they passed through to subrecipients. Whereas some of this information was not known to the Organization at the time of the award, subsequent communications or amendments to the grant agreement were not made.

Cause: The Organization did not receive detail of the Federal awards passed through to subrecipients until their grantor agency, the Michigan Department of Health and Human Services (MDHHS), provided such detail after the audit period had closed.

Resolution: Whereas corrective action was implemented to ensure pertinent Federal award information was communicated to subrecipients via amendments to the grant agreement, total expenditures by Federal program were not provided timely. The finding has not been resolved. See Finding 2019-002.



WMPC FY2019 Single Audit: Corrective Action Plan

Federal Programs Audit: Finding #	Responsible Person	Management Views	Corrective Action Plan Details	Anticipated Completion Date
2019-001	CFO/Contract & Financial Analyst	Management agrees with the finding and is in the process of implementing the recommendation.	The Organization has developed a number of written financial procedures consistent with requirements imposed by the Uniform Guidance. The Contract & Financial Analyst will complete them. Documentation will be reviewed for compliance by external audit team.	09/30/20
2019-002	Contract & Financial Analyst	Management agrees with the finding and is in the process of implementing the recommendation.	Given the timing of receipt for the federal award details will never be prior to the audit/grant close deadline, our initial sub-recipient agreements will always require amendment. The Organization has a process to ensure amendments and any other communication are done timely.	Dependent upon receipt of federal award details