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# City of Detroit, Michigan

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**June 30, 2022**

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

**Independent Auditor's Report**

To the Honorable Mayor Michael E. Duggan and  
the Honorable Members of the City Council  
City of Detroit, 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 the City of Detroit, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2022, which contained an unmodified opinion 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. We have not performed any procedures with respect to the audited financial statements subsequent to December 19, 2022.

We did not audit the financial statements of the financial statements of the following discretely presented component units: Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, and Community Education Commission, which collectively represent 78.12 percent, 73.50 percent, and 51.75 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$215.4 million, \$36.8 million, and \$23 million, respectively, and the Detroit Building Authority and Greater Detroit Resource Recovery Authority, which collectively represent 10.49 percent, 3.27 percent, and 3.64 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the business-type activities, aggregate discretely presented component units, Public Lighting Authority as a major enterprise fund, and aggregate remaining fund information, are based solely on the report of the other auditors.

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Detroit Housing Commission, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Detroit Employment Solutions Corporation, Community Education Commission, Public Lighting Authority, and Detroit Building Authority. The schedule of expenditures of federal awards excludes those operations because they receive a separate financial statement audit and a separate single audit when required by the Uniform Guidance.

To the Honorable Mayor Michael E. Duggan and  
the Honorable Members of the City Council  
City of Detroit, Michigan

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

December 19, 2022

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 Auditor's Report**

To Management, the Honorable Mayor  
Michael E. Duggan, and the Honorable Members  
of the City Council  
City of Detroit, Michigan

We have audited, in accordance with 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 City of Detroit, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2022.

Our report includes a reference to other auditors who audited the financial statements of the financial statements of the following discretely presented component units: Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, and Community Education Commission, which collectively represent 78.12 percent, 73.50 percent, and 51.75 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$215.4 million, \$36.8 million, and \$23 million, respectively, and the Detroit Building Authority and Greater Detroit Resource Recovery Authority, which collectively represent 10.49 percent, 3.27 percent, and 3.64 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the business-type activities, aggregate discretely presented component units, Public Lighting Authority as a major enterprise fund, and aggregate remaining fund information, are based solely on the report of the other auditors. 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 financial statements of General Employees and Police and Fire Retirement Systems of the City of Detroit, Michigan; Greater Detroit Resource Recovery Authority; and Detroit Public Library were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the entities listed above.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

To Management, the Honorable Mayor  
Michael E. Duggan, and the Honorable Members  
of the City Council  
City of Detroit, Michigan

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 City'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 were not identified. We identified certain deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2022-001, 2022-002, 2022-003, and 2022-005 to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2022-004.

### **The City's Responses to the Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 19, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required  
by the Uniform Guidance

**Independent Auditor's Report**

To the Honorable Mayor Michael E. Duggan and  
the Honorable Members of the City Council  
City of Detroit, Michigan

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

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

We have audited the City of Detroit, Michigan's (the "City") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Detroit Housing Commission, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Detroit Employment Solutions Corporation, Community Education Commission, Public Lighting Authority, and Detroit Building Authority, which expended federal awards that are not included in the schedule during the year ended June 30, 2022. Our audit, described below, did not include the operations of the above-mentioned entities because these entities received a separate financial statement audit and a separate single audit when required by the Uniform Guidance.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (the "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 City 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 City'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 City's federal programs.

To the Honorable Mayor Michael E. Duggan and  
the Honorable Members of the City Council  
City of Detroit, Michigan

### ***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 City'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 City'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 City'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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance, which are described in the accompanying schedule of findings and questioned costs as Findings 2022-007, 2022-010, 2022-011, 2022-012, and 2022-014. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

### **Report on Internal Control Over Compliance**

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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.



To the Honorable Mayor Michael E. Duggan and  
the Honorable Members of the City Council  
City of Detroit, Michigan

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2022-006, 2022-007, 2022-009, 2022-010, 2022-011, 2022-013, and 2022-014 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2022-008 and 2022-012 to be significant deficiencies.

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.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

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.



December 19, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Pass-through Entity Identifying Number	Total Amount	
	Listing Number	Grant/Contract Number		Provided to Subrecipients	Federal Expenditures
<b>Department of Agriculture</b>					
Passed through Michigan Department of Education -					
Child Nutrition Cluster:					
Summer Food Service Program for Children	10.559		N/A	\$ -	\$ 19,957
COVID-19 Summer Food Service Program for Children	10.559		N/A	-	206,196
COVID-19 Summer Food Service Program for Children	10.559		N/A	-	44,594
Total Child Nutrition Cluster				-	270,747
Passed through Michigan Department of Health and Human Services:					
Special Supplemental Nutrition Program for Women, Infants, and Children 2022	10.557		212MI013W5003	1,793,599	3,314,517
Special Supplemental Nutrition Program for Women, Infants, and Children Breastfeeding 2022	10.557		212MI013W5003	-	89,272
Special Supplemental Nutrition Program for Women, Infants, and Children Breastfeeding 2021	10.557		202MI003W1003	-	46,068
Special Supplemental Nutrition Program for Women, Infants, and Children 2021	10.557		202MI003W1003	1,206,055	1,393,496
Total Supplemental Nutritional Assistance Program WIC				2,999,654	4,843,353
Total Department of Agriculture				2,999,654	5,114,100
<b>Department of Housing and Urban Development</b>					
Direct Programs - CDBG Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-26-0006		107,177	107,177
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-26-0006		406,263	1,350,910
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-26-0006		1,107,193	1,183,689
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-26-0006		688,068	2,270,826
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-26-0006		453,384	3,736,851
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-26-0006		1,936,066	6,817,768
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-26-0006		4,054,248	15,298,247
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-26-0006		2,436,992	17,338,903
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-26-0006		5,399,974	5,329,844
Neighborhood Stabilization Program (NSP) 1	14.218	B-08-MN-26-0004		-	262,595
Total Community Development Block Grant Entitlement Grants Cluster				16,589,365	53,696,810
Direct Programs:					
Emergency Solutions Grant Program	14.231	E19MC260006		-	30,605
Emergency Solutions Grant Program	14.231	E20MC260006		1,772,844	1,772,844
COVID-19 - Emergency Solutions Grant Program	14.231	E20MW260006		8,483,034	8,798,087
Emergency Solutions Grant Program	14.231	E21MC260006		929,970	2,218,925
Total Emergency Solutions Grant (ESG)				11,185,848	12,820,461
Direct Programs:					
Home Investment Partnerships Program	14.239	M-16-MC-26-0203		-	1,075,446
Home Investment Partnerships Program	14.239	M-15-MC-26-0202		-	3,291,817
Total Home Investment Partnership				-	4,367,263

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Pass-through Entity Identifying Number	Total Amount	
	Listing Number	Grant/Contract Number		Provided to Subrecipients	Federal Expenditures
<b>Direct Programs:</b>					
Housing Opportunities for Persons With AIDS	14.241	MIH20-F001		\$ -	\$ 239,977
Housing Opportunities for Persons With AIDS	14.241	MIH21-F001		-	2,509,439
Housing Opportunities for Persons With AIDS	14.241	MIH21-F001		-	768
COVID-19 Housing Opportunities for Persons With AIDS	14.241	MIH20-FHW001		-	<u>81,743</u>
Total Housing Opportunities for Persons With AIDS				-	2,831,927
Choice Neighborhood Implementation Grants	14.889			-	60,212
<b>Direct Programs:</b>					
Lead Hazard Reduction Demonstration Grant Program	14.905	MILNG0007-19		-	1,200,781
Lead Hazard Reduction Demonstration Grant Program	14.905	MILHB0682-18		-	<u>1,133,672</u>
Total Lead Hazard Reduction				-	<u>2,334,453</u>
Total Department of Housing and Urban Development				27,775,213	76,111,126
<b>Department of Interior - Historic Preservation</b>					
Passed through the Michigan Department of Natural Resources:					
African American Civil Rights Preservation Grant	15.904		P18AP00156	-	11,237
African American Civil Rights Preservation Grant	15.904		CG19-443	-	3,952
African American Civil Rights Preservation Grant	15.904		CG19-440	-	63,945
African American Civil Rights Preservation Grant	15.904		P19AP00179	-	<u>33,200</u>
Total Department of Interior				-	112,334
<b>Department of Justice</b>					
Direct Programs -					
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1675		-	323,367
Passed through Michigan Department of Health and Human Services:					
Crime Victim Assist - V.O.C.A. 2022/2021	16.575		2019-V2-GX0036	-	460,112
Crime Victim Assist - V.O.C.A. 2020/2021	16.575		2018-V2-GX-0067	-	<u>98,929</u>
Total Crime Victim Assistance				-	559,041
Passed through Michigan Department of Health and Human Services:					
Sexual Assault Services Formula Program-STOP Violence Against Women Formula Grant 2022	16.588		2018-WF-AX0002	-	57,150
Sexual Assault Services Formula Program-STOP Violence Against Women Formula Grant 2021	16.588		2016-WF-AX0023	-	<u>19,050</u>
Total STOP Grants				-	76,200
Passed through Black Family Development -					
Project Safe Neighborhoods	16.609		2018-GP-BX-0036	-	89,068
Direct Programs -					
Public Safety Partnership (PSP) & Community Policing Grants-2020 COPS Hiring Program	16.710	2017-UL-WX-0023		-	1,193,025

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Pass-through Entity Identifying Number	Total Amount	
	Listing Number	Grant/Contract Number		Provided to Subrecipients	Federal Expenditures
Passed through Michigan Department of State Police:					
Edward Byrne Memorial Justice Assistance Grant Program-FY18 Crime Gun Intelligence Center CGIC	16.738		2018-MU-BX-0886	\$ -	\$ -
Edward Byrne Memorial Justice Assistance Grant Program-FY20 JAG	16.738		N/A	-	684,815
Edward Byrne Memorial Justice Assistance Grant Program-FY18 Crime Gun Intelligence Center CGIC	16.738		2018-DG-BX-0003	-	90,555
Passed through the County of Wayne, Michigan -					
2017 Edward Byrne Memorial Justice Assistance Grant Program	16.738		2018-DJ-BX-0620	-	121,970
Total Edward Byrne Memorial Justice Assistance Grant Program (JAG)				-	897,340
Direct Programs:					
Second Chance Act Reentry Initiative	16.812			-	26,911
Comprehensive Opioid, Stimulant, and Substance Abuse Program-FY18 Comprehensive Opioid Abuse Site	16.838	2018-AR-BX-K110		-	152,012
Equitable Sharing Program	16.922			-	6,634
Total Department of Justice				-	3,323,598
<b>Department of Transportation</b>					
Passed through the Michigan Department of Transportation -					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205		1901(035)	-	536,385
Highway Planning and Construction	20.205		20A0(893)	-	633,914
Highway Planning and Construction	20.205		21A0(788)	-	296,961
Highway Planning and Construction	20.205		1901(035)	-	245,494
Passed through the SEMCOG -					
Highway Planning and Construction - SEMCOG United Work Program (UWP) Metropolitan Planning Grant	20.205		SEMCOG CPG16-17006	-	314,304
Total Highway Planning and Construction Cluster				-	2,027,058
Direct Programs - Federal Transit Cluster					
Federal Transit Capital Investment Grant	20.500	MI-04-0093		-	2,834,094
Direct Programs - Federal Transit Formula Grants:					
Federal Transit Formula Grants	20.507	MI-2019-022-00		-	10,428,947
Federal Transit Formula Grants	20.507	MI-2020-001-00		-	173,642
Federal Transit Formula Grants	20.507	MI-90-X605-00		-	32,601
Federal Transit Formula Grants	20.507	MI-90-X605-00		-	401,120
Federal Transit Formula Grants	20.507	MI-2016-006-00		-	4,724,695
Federal Transit Formula Grants	20.507	MI-2018-014-00		-	34,401
COVID-19 5307-Urbanized Area Formula Grants (Cares Act) - Federal Transit Formula Grants	20.507	MI-2020-022-00		-	9,510,757
Federal Transit Formula Grants	20.507	MI-2021-016-00		-	20,246,036
Federal Transit Formula Grants	20.507	MI-2022-026-00		-	6,627,072
Total Federal Transit Formula Grants				-	52,179,271
Federal Transit Bus and Bus Facilities Formula Grants	20.526	MI-2021-037-00		-	1,052,409
Total Federal Transit Cluster				-	56,065,774

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Pass-through Entity Identifying Number	Total Amount	
	Listing Number	Grant/Contract Number		Provided to Subrecipients	Federal Expenditures
<b>Direct Programs - Transit Services Program Cluster:</b>					
Job Access and Reverse Commute Grant	20.516	MI-37-X041-02		\$ -	\$ 60,651
New Freedom Program Grant	20.521	MI-57-X015-02		-	67,930
New Freedom Program Grant	20.521	MI-57-X015-02		-	2,640
Total New Freedom Program Grant				-	70,570
Total Transit Services Programs Cluster				-	131,221
HOPE Transportation Access Study	20.505	MI-2021-013-00		-	249,939
<b>Highway Safety Cluster - Passed through Michigan Department of State Police - Strategic Traffic Enforcement:</b>					
State & Community Highway Safety: Strategic Traffic Enforcement Program 2021	20.600		PT-21-31	-	5,206
State & Community Highway Safety: Strategic Traffic Enforcement Program 2022	20.600		PT-21-31	-	27,238
Total Strategic Traffic Enforcement				-	32,444
<b>National Priority Safety Programs - Passed through Michigan Department of State Police:</b>					
National Priority Safety Programs: Pedestrian & Bicycle Overtime Enforcement	20.616		PS-22-06	-	5,951
National Priority Safety Programs: Detroit Safe Routes Ambassador Program	20.616		PS-21-02	-	199,442
National Priority Safety Programs: Detroit Safe Routes Ambassador Program	20.616		PS-20-02	-	90
National Priority Safety Programs: FY19 Detroit Pedestrian/Bike overtime Enf Grant	20.616		PS-21-12	-	387
Total National Priority Safety Programs				-	205,870
Total Highway Safety Cluster				-	238,314
Total Department of Transportation				-	58,712,306
<b>Department of the Treasury</b>					
<b>Direct Program:</b>					
COVID-19 Coronavirus Relief Fund	21.019			-	2,572,909
COVID-19 Emergency Rental Assistance Program (ERAP2)	21.023			22,452,070	23,154,329
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	10,220,054
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	1,405,053
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	366,745
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	219,047
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	1,368,395
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	366,745
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	612,505
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	5,239,742
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	1,035,885
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	717,484
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	1,074,470
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	328,349
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	5,369,242
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	587,610
COVID-19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)	21.027			-	488,994
Total COVID- 19 Coronavirus State and Local Fiscal Revcovery Funds (CSLFRF)				-	29,400,320
Total Department of the Treasury				22,452,070	55,127,558

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Total Amount		
	Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
<b>Environmental Protection Agency</b>					
Passed through Michigan Department of Environmental Quality:					
Drinking Water State Revolving Cluster - Capitalization Grants for Drinking Water State Revolving Funds	66.468		5688-01	\$ -	\$ 45,808
Drinking Water State Revolving Cluster - Capitalization Grants for Drinking Water State Revolving Funds	66.468		7483-01	-	326,946
Total Capitalization Grants for Drinking Water-State Revolving Fund				-	372,754
Direct Programs:					
Brownfields Assessment and Cleanup Cooperative Agreements:					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements - Brownfield Cleanup Revolving Loan Fund-Brownfield Cleanup Revolving Loan Fund	66.818	GG 761 18000002898		-	250,000
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements - Brownfield Cleanup Revolving Loan Fund-Brownfield Cleanup Revolving Loan Fund	66.818			-	2,494
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements - FY19 Brownfield Redevelopment Program Assessment Grant	66.818	BF00E02492		-	40,621
Total Brownfields Assessment and Cleanup Cooperative Agreements				-	293,115
Total Environmental Protection Agency				-	665,869
<b>Department Health and Human Services</b>					
Passed through the Michigan Department of Health and Human Services:					
National Bioterrorism Hospital Preparedness Program-Cities Readiness Initiatives 9/2022	93.069		NU90TP922062	-	159,633
National Bioterrorism Hospital Preparedness Program-Bioterrorism Emerg Prep 9/2022	93.069		NU90TP922062	-	140,009
Total National Bioterrorism Hospital Preparedness Program				-	299,642
Passed through the Michigan Department of Health and Human Services:					
Public Health Emergency Preparedness: National Bioterrorism Hospital Preparedness Program-Bioterrorism Emerg Prep 9/2021	93.069		NU90TP922062	-	41,372
Public Health Emergency Preparedness: Cities Readiness Initiatives 9/2021	93.069		NU90TP922062	-	31,618
Total Public Health Emergency Preparedness				-	72,990
Passed through the Michigan Department of Health and Human Services:					
Family Planning 2021	93.217		FPHPA006464	-	30,266
Family Planning 2022	93.217		FPHPA006464	-	1,849
Total Family Planning Services				-	32,115
Direct Programs - Substance Abuse and Mental Health Services Projects of Regional and National Significance					
	93.243	1H79SP080337-01		-	443,230
Passed through the Michigan Department of Health and Human Services:					
COVID-19 Immunizations CoAg and Vaccines for Children Program-CDC Covid Immunizations	93.268		NH23IP922635	-	283,851
Immunizations CoAg and Vaccines for Children Program-IAP Pilot 2021	93.268		NH23IP922635	-	27,474
Immunizations CoAg and Vaccines for Children Program-CSHCS Vaccine	93.268		NH23IP922635	-	27,955
Immunizations CoAg and Vaccines for Children Program-IAP 2022	93.268		NH23IP922635	-	180,575
Immunizations CoAg and Vaccines for Children Program-IAP 2021	93.268		NH23IP922635	-	125,906
Immunizations CoAg and Vaccines for Children Program-IAP-Vaccination Shipped (in-Kind) 2022	93.268		N/A	-	399,842
Total Immunization Cooperative Agreements				-	1,045,603

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Total Amount		
	Listing Number	Grant/Contract Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Passed through the Michigan Department of Health and Human Services -					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):					
Epidemiology and Laboratory Capacity West Nile Virus 9/2021	93.323		NU50CK000510	\$ -	\$ 6,360
COVID-19 Epidemiology and Laboratory Capacity - Contact Tracing Testing Coordination	93.323		NU50CK000510	-	1,360,608
COVID-19 Epidemiology and Laboratory Capacity - Contact Tracing Testing Coordination	93.323		NU50CK000510	-	337,500
COVID-19 Epidemiology and Laboratory Capacity - Contact Tracing Testing Coordination	93.323		NU50CK000510	-	686,904
COVID-19 Epidemiology and Laboratory Capacity - Contact Tracing Testing Coordination	93.323		NU50CK000510	-	3,795,023
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				-	6,186,395
Passed through the Michigan Department of Health and Human Services -					
Injury Prevention and Control Research and State and Community Based Programs:					
COVID-19 Injury Prev & Ctrl Research Comm Based Prog: Overdose Prev Safer Systems of Care 2021	93.136		NU17CE925006	-	115,862
COVID-19 Injury Prev & Ctrl Research Comm Based Prog: Overdose Prev Safer Systems of Care 2020	93.136		NU17CE925006	-	154,395
Total Injury Prevention and Control Research and State and Community Based Programs				-	270,257
Direct Programs -					
COVID-19 Reducing COVID-19 Related Health Disparities in Detroit	93.391	NH75OT000091-01		-	2,691,967
Passed through National Network of Public Health Institute:					
(STLT) Health Department Response to Public Health or Healthcare Crises Opioid Misuse Prevention Community Grant/Project B	93.391		NU1ROT000016-01-02	-	21,000
(STLT) Health Department Response to Public Health or Healthcare Crises Opioid Misuse Prevention Community Grant/Project A	93.391		NU1ROT000016-01-01	-	7,000
Total Activities to Support State, tribal, Local, and Territorial (SLT) Health Department Response to Public Health or Healthcare Crisis				-	2,719,967
Passed through the Michigan Department of Health and Human Services:					
Children's Health Insurance Program (CHIP) 2022	93.767		E20202331	-	747,672
Children's Health Insurance Program (CHIP) 2021	93.767		E20211483	-	468,677
Total Children's Health Insurance Program				-	1,216,349
Passed through the Michigan Department of Health and Human Services -					
Medicaid Cluster:					
Medical Assistance Program-CSHCS Outreach & Advocacy 9/2021	93.778		2105MI5ADM	-	84,752
Medical Assistance Program-CSHCS Outreach & Advocacy 9/2022	93.778		2205MI5ADM	-	209,134
Medical Assistance Program-Lead Intervention/EBL 9/2022	93.778		2205MI5MAP	-	87,706
Medical Assistance Program-Lead Intervention/EBL 9/2021	93.778		2105MI5MAP	-	29,055
Total Medicaid Cluster				-	410,647
Direct Programs:					
HIV Emergency Relief Project Grants 2/2022	93.914	H89HA00021-29-01		-	6,844,745
HIV Emergency Relief Project Grants 2/2023	93.914	H89HA00021-30-00		-	2,367,544
Total HIV Emergency Supplemental Relief				-	9,212,289

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance		Pass-through Entity Identifying Number	Total Amount	
	Listing Number	Grant/Contract Number		Provided to Subrecipients	Federal Expenditures
<b>Direct Programs:</b>					
<b>AIDS Education and Training Centers:</b>					
Ending the HIV Epidemic (EHE)-FY2020-Ryan White HIV/AIDS Program A and B	93.686	UT8HA33931-02-01		\$ -	\$ 334,782
Ending the HIV Epidemic (EHE)-FY2020-Ryan White HIV/AIDS Program A and B	93.686	5 UT8HA33931-02-00		-	1,000,000
Total Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B				-	1,334,782
HIV Related Training & Technical Assistance	93.145	20UT8HA33931		-	240,000
<b>Passed through the Michigan Department of Health and Human Services:</b>					
Maternal and Child Health Services (MCHS) Block Grant to the States-Local Maternal & Child Hlth 9/2021	93.994		B04MC33846	-	500,468
Maternal and Child Health Services (MCHS) Block Grant to the States-Fetal Infant Mortality Review 9/2021	93.994		B0445223	-	2,700
Maternal and Child Health Services (MCHS) Block Grant to the States-Local Maternal & Child Hlth 9/2022	93.994		B0445223	-	1,001,452
Maternal and Child Health Services (MCHS) Block Grant to the States Lead Poison Prevention (MDCH) 9/2021	93.994		B04MC33846	-	27,461
Maternal and Child Health Services (MCHS) Block Grant to the States Lead Poison Prevention (MDCH) 9/2022	93.994		B0445223	-	78,803
Total Maternal and Child Health Services Block Grant				-	1,610,884
Total Department of Health and Human Services				-	25,095,150
<b>Department of Homeland Security</b>					
Passed through Michigan State Police - 2019 Emergency Management Performance Grants (EMPG)	97.042		EMC-2019-EP-00001-S01	-	48,800
Direct Programs - 2018 Assistance to Firefighter Grant - Fire Prevention and Safety	97.044	EMW-2018-FP-00588		-	191,190
<b>Passed through Michigan State Police - Emergency Management Homeland Security Division:</b>					
COVID-19 Disaster Grants - Public Assistance (PA): Fund 4503	97.036		PA-05-MI-4494_PW-141279	-	1,676,942
COVID-19 Disaster Grants - Public Assistance (PA): Fund 4503	97.036		PA-05-MI-4494_PW-150208	-	371,994
COVID-19 Disaster Grants - Public Assistance (PA)	97.036		PA-05-MI-4494_PW-00153(90)	-	68,547
<b>Passed through the Michigan Department of Health and Human Services:</b>					
COVID-19 Disaster Grants - Public Assistance (PA)	97.036		NH23IP922635	-	1,414,922
COVID-19 Disaster Grants - Public Assistance (PA)	97.036		NU50CK000510	-	1,371,758
Total Disaster Grants - Public Assistance				-	4,904,163
<b>Passed through the Michigan State Police -</b>					
BRIC: Building Resilient Infrastructure and communities - 2018 Pre-Disaster Mitigation	97.047		EMC-2019-PC-0007	-	16,549
<b>Passed through Wayne County -</b>					
2019 Operation StoneGarden Grant	97.067		EMW-2019-SS-00021-S01	-	12,843
<b>Passed through Macomb County, Michigan:</b>					
2018 Homeland Security Grant Program: UASI	97.067		EMW-2018-SS-00010-S01	-	83,814
2019 Homeland Security Grant Program	97.067		EMW-2019-SS-00010-S01	-	289,980
2020 Homeland Security Grant Program	97.067		EMW-2020-SS-00010-S01	-	170,632
Total Homeland Security Grant Program				-	557,269
Total Department of Homeland Security				-	5,717,971
Total federal awards				\$ 53,226,937	\$ 229,980,012



## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Detroit, Michigan (the "City") under programs of the federal government for the year ended June 30, 2022. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

The City's basic financial statements include the operations of the Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Detroit Housing Commission, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, Detroit Employment Solutions Corporation, Community Education Commission, Public Lighting Authority, and Detroit Building Authority. The schedule of expenditures of federal awards excludes those operations because they receive a separate financial statement audit and a separate single audit when required by Uniform Guidance.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements with the exception of the expenditures related to ALN 66.468, Capitalization Grants for Drinking Water State Revolving Funds (DWSRF) program. The DWSRF expenditures are reported on cash basis in accordance with the subrecipient reporting guidelines prescribed by the pass-through entity.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for expenditures related to ALN 21.019, Coronavirus Relief Fund (CRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of the Treasury's guidance.

Pass-through entity identifying numbers are presented where available.

The City has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

### Note 3 - Outstanding Loans Balances

The U.S. Department of Housing and Urban Development has insured certain mortgage loan borrowings (ALN 14.248) made by the City of Detroit, Michigan through the Planning and Development Department in connection with certain development projects. There are no continuing compliance requirements associated with these loans other than the scheduled repayments, which are excluded from the Schedule. These loans had outstanding principal due of \$30.2 million at June 30, 2022. There were no new borrowings for the year ended June 30, 2022.

### Note 4 - Highway and Construction Program

The City participates in various road, street, and bridge construction and repair projects. The projects are funded through an award granted to the State of Michigan Department of Transportation (the "State"), which administers the grant for the City. The City identified the projects needed in the locality, and the State performed the procurement, payment, and cash management functions on behalf of the City. The projects are managed directly by the State, and the expenditures related to these projects have been excluded from the Schedule. The total award of these projects is approximately \$35.1 million for the year ended June 30, 2022.

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2022**

**Note 5 - Disaster Grants Public Assistance Program (ALN 97.036)**

Included in the Schedule for the year ended June 30, 2022 is \$2,048,936 of expenditures incurred, under the Disaster Grants Public Assistance grant (ALN 97.036), in a previous fiscal year. The project worksheet for these expenditures was approved in the current fiscal year, and these expenditures have been reported in the current fiscal year in accordance with the reporting requirements outlined in the 2022 Compliance Supplement.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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?  X  Yes   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   Yes  X  None reported

Noncompliance material to financial statements noted?  X  Yes   None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  X  Yes   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  X  Yes   None reported

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
14.218	CDBG Entitlement Grants Cluster	Unmodified
14.231	Emergency Solutions Grant Program	Unmodified
14.241	Housing Opportunities for Persons With AIDS	Unmodified
20.500, 20.507, 20.526	Federal Transit Cluster	Unmodified
21.023	Emergency Rental Assistance Program	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.914	HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Part A)	Unmodified
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Unmodified
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?   Yes  X  No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	<p><b>Finding Type</b> - Material weakness (repeat finding)</p> <p><b>Criteria</b> - The City should have a process in place to ensure proper financial reporting, which includes proper recording of all journal entries, general ledger balances, and footnote disclosures, in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit.</p> <p><b>Condition</b> - The general ledger and underlying financial records were not reconciled and closed in a timely manner. There were numerous adjustments identified during the audit process.</p> <p><b>Context</b> -</p> <p><i>City</i></p> <p>Material adjusting journal entries were proposed by the auditors and posted by the City in order to ensure the financial statements were not misstated.</p> <p>Adjusting journal entries identified during the audit of the City impacted several opinion units, including entries to reduce contingent liabilities specifically legal case reserve, increase cash and unearned revenue related to grant activities, reduce unavailable revenue from the government-wide statements to correct GASB 34 balances, reduce the Grand Bargain receivable to match the amortization schedule; increase the receivable in the major streets fund and reduce the receivable in the local streets fund, reduce the MTT liability due to improper inclusion of tax year 2022 in the calculation, record contributed revenue for leasehold improvements made by lessee; capitalize completed CWIP projects in the fixed asset subledger, reduce revenue and increase deferred revenue related to FEMA funds not obligated as of the balance sheet date, and reduce deferred outflows related to subsequent pension contributions.</p> <p>In addition to the adjusting entries made as a result of the audit, certain auditor-identified entries related to the City were not recorded due to immateriality, including adjustments to reduce receivables due from other governments that lacked supporting documentation; record additional liabilities identified during review of subsequent disbursements; record unearned revenue related to a lease agreement; capitalize expenditures improperly classified as repair expenses; and adjust grant receivables, revenue, deferred inflows, and expenses for variances identified in the SEFA to revenue reconciliation.</p> <p>The effect of certain adjustments to governmental activities could not be quantified, such as those related to the liability for compensated absences, including FIRE comp time and vacation (furlough) time, an adjustment to decrease the allowance for HOME loans due to revised developer agreements; and an estimated increase in income tax receivables.</p> <p>Deficiencies noted that were not related to adjusting entries were as follows: timely reconciliations have not been performed for certain accounts, including refundable deposits and amounts due to other governments.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-001 (cont.) <i>City Agency</i>	<p data-bbox="362 581 1482 699">The Detroit Department of Transportation passed on recording a potential asset retirement obligation and an adjustment for compensated absences. The effect of certain adjustments could not be quantified, such as those related to the liability for compensated absences for the Detroit Department of Transportation and Detroit Water and Sewerage Department.</p> <p data-bbox="362 722 566 749"><i>Component Units</i></p> <p data-bbox="362 772 1482 919">Detroit Transportation Corporation (DTC) had a significant number of adjustments related to the following balances: fixed assets, prepaid expenses, liabilities for compensated absences, and FTA grant activity. In addition, journal entries were not reviewed during the year, drawdowns for FTA federal portion and state portion were not made timely, and errors existed in the classification of certain account balances.</p> <p data-bbox="362 942 1482 1031">DTC had a lack of internal controls over preparation of MDOT schedules and reconciling the information in the MDOT schedules with the financial records. In addition, the information prepared was not readily available.</p> <p data-bbox="362 1054 1482 1142">Detroit Employment Solutions Corporation (DESC) had adjustments to accounts receivable, revenue, and unearned revenue due to the general ledger not being reviewed and reconciled throughout the year.</p> <p data-bbox="362 1165 1482 1253"><b>Cause</b> - Processes were not in place to ensure year-end closing entries and significant transactions were properly recorded in the general ledger prior to the commencement of the audit.</p> <p data-bbox="362 1276 1482 1331"><b>Effect</b> - If the auditor-identified entries identified above had not been recorded, the financial statements would have been materially misstated.</p> <p data-bbox="362 1354 1482 1598"><b>Recommendation</b> - The City, as well as its component units, should continue to work with all departments to ensure a process is implemented to accurately reconcile and record all journal entries, including year-end entries and entries related to complex transactions prior to the start of the audit. A system will need to be developed to close the financial records in a timely manner, which will include forming reliable estimates for certain accruals since management may not be able to rely on actual subsequent receipts and disbursements in all instances (i.e., lookback adjustments). An independent review of reconciliations and trial balances prior to the start of the audit would assist in identifying and correcting potential errors.</p> <p data-bbox="362 1621 1482 1827"><b>Views of Responsible Officials and Planned Corrective Actions</b> - In fiscal year 2022, the City continued the Audit Finding Corrective Action Plan (AFCAP) project to review and address policies and procedures that led to audit findings and provide training to staff to prevent future audit findings. While the City completed addressing several of the fiscal year 2021 audit findings, some remain in process through the project plan. The City will add the fiscal year 2022 audit findings to this project to ensure policies, procedures, and training are in place in fiscal year 2023.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-001 (cont.)	<p>As part of this process, the City will continue to root cause journal entries made following the close of the fiscal year and develop processes and reports to prevent or address these earlier. The City staff will systematically review ledger balances to ensure that adjustments are made timely and accurately, in accordance with the City's accounting policies and procedures.</p> <p>Through the AFCAP project, the City will also perform the following:</p> <ul style="list-style-type: none"><li>• Implement a policy to ensure a refundable deposits process is documented and in place to ensure accurate reconciliation and review</li><li>• Implement procedures addressing several old or unchanged "due to other governments" accounts, a significant allowance for doubtful accounts related to very old balances, and verify all identified accounts are reconciled.</li></ul> <p>DTC had multiple key leadership changes shortly prior to and during the financial audit. DTC will perform periodic reconciliations throughout the fiscal year between grants records and the general ledger. DTC will ensure related policies and procedures are updated, staff trained, and documented evidence is maintained. DTC will submit quarterly MDOT reports and have MDOT schedules prepared timely.</p> <p>DESC's management has been conducting an organizational review of all policies and procedures and modifying as needed to ensure all policies and procedures are in place and followed over the past year. DESC recently hired an internal audit manager tasked with conducting regular reviews to further ensure policies and procedures are followed. These include reviews of control activities on a monthly, quarterly, and annual basis to identify year-end closing entries that may be required. Additionally, DESC has already implemented a regular training program to ensure fiscal staff are aware of and understand their duties and responsibilities.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-002	<p><b>Finding Type</b> - Material weakness (repeat finding)</p> <p><b>Criteria</b> - There should be a procedure in place to reconcile bank activity on a timely basis and ensure reconciling items are properly supported at the Detroit Water and Sewer Department (DWSD) and Detroit Transportation Corporation.</p> <p><b>Condition</b> - DWSD and DTC processes did not result in timely reconciliation of bank accounts at year end, and certain reconciling items lacked proper support.</p> <p><b>Context</b> -</p> <p><i>City Agency</i></p> <p>Detroit Water and Sewerage Department: During the fiscal year ended June 30, 2022 audit, a significant delay in timing of bank reconciliations was identified. Controls were reestablished in October 2021 (fully established by February 2022).</p> <p><i>Component Unit</i></p> <p>Detroit Transportation Corporation: Bank accounts were not reconciled in a timely manner for several months during the year.</p> <p><b>Cause</b> - DWSD and DTC did not have procedures in place to ensure timely review and resolution of reconciling items identified in the bank reconciliations.</p> <p><b>Effect</b> - Without timely preparation and review of bank reconciliations, including follow-up and resolution of significant reconciling items, DWSD and DTC could fail to timely identify errors and malfeasance related to cash transactions.</p> <p><b>Recommendation</b> - We recommend the DWSD and DTC develop a process to ensure timely review and resolution of reconciling items related to bank accounts.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> -</p> <p><i>City Agency</i></p> <p>DWSD identified the concern while closing out year end and preparing for the annual audit. General ledger entries representing internal transfers between City accounts and/or between water and sewer accounts and posted to DWSD cash accounts were not properly reconciled to the corresponding bank transfers in a timely manner. This resulted in unrecorded interfund receivables and payables. The entire bank reconciliation process is currently under internal review and will be changed to prevent similar occurrences in the future. The responsible employees are no longer employed at DWSD.</p> <p><i>Component Unit</i></p> <p>DTC had multiple key leadership changes shortly prior to and during the financial audit. DTC will perform periodic reconciliations throughout the fiscal year between grants records and the general ledger. DTC will ensure related policies and procedures are updated, staff trained, and documented evidence is maintained.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-003	<p><b>Finding Type</b> - Material weakness (repeat finding)</p> <p><b>Criteria</b> -</p> <p><i>Component Unit</i></p> <p>Detroit Transportation Corporation, a component unit of the City, should have a documented process to ensure timely and accurate accumulation, review, and submission of census data to its respective actuaries in order to obtain the information required to comply with GASB Statement Nos. 67 and 68.</p> <p><b>Condition</b> - During the audit of census information for the pension liability, the following discrepancies were noted: (1) An accurate census that reconciles to the actuary's data was not timely available for our review. (2) For one out of five samples, the amount paid was more than the benefit payment calculation amount as per the plan document. (3) For three out of five samples, the document to verify compensation used for the calculation of the benefit payment amount was not available for our review.</p> <p><b>Context</b> - During the audit of DTC, there were discrepancies noted in the data related to the following: inaccurate termination dates and incomplete compensation calculations for vested services used for the calculation of benefit payments.</p> <p><b>Cause</b> - DTC should have a process in place to ensure that the census information is complete and accurate, as well as the related reconciliations.</p> <p><b>Effect</b> - Without procedures to ensure timely accumulation of complete and accurate census data, the DTC's net pension liability could be materially misstated.</p> <p><b>Recommendation</b> - We strongly recommend that the HR department collaborate with the plan actuary to update the census information periodically so that an accurate census is available for calculation of contributions to the plan. We also recommend that the HR department review the benefit payment calculations to verify that all information used is as per the plan document.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - DTC had multiple key leadership changes shortly prior to and during the financial audit. HR will work with the plan actuary to address census and compensation calculations and documented evidence. DTC will ensure related policies and procedures are updated, staff trained, and documented evidence is maintained.</p>



Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-004	<p><b>Finding Type</b> - Material noncompliance with laws and regulations (repeat finding)</p> <p><b>Criteria</b> - There should be a process in place to ensure that the City complies with laws and regulations.</p> <ul style="list-style-type: none"> <li>• Per Public Act 2 of 1968, Section 141.435 (2), states' total budgeted expenditures shall not exceed estimated revenue plus accumulated fund balance. Per Section 141.438 (3), "Except as otherwise provided in Section 19, an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."</li> <li>• The City must comply with the distributions of taxes as stated in MCL 211.43 (Section 43(3) of the General Property Tax Act, 1893 PA 206, as amended). Section 211.43 (3)(a) of the tax act states that property taxes must be remitted within 10 business days after the 1st and 15th day of each month.</li> <li>• Per 2 CFR 200.302(a), nonfederal entities' financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.</li> </ul> <p><b>Condition</b> - There were instances identified where the City was not in compliance with laws and regulations as follows:</p> <ul style="list-style-type: none"> <li>• The City's final budget for certain nonmajor funds resulted in a projected deficit. There were also funds where expenditures incurred against appropriations were in excess of the amount appropriated by the City Council.</li> <li>• The City did not remit property taxes to other taxing authorities on the schedule required by the State.</li> <li>• The City did not have a process to track grant activities in the general ledger in a timely manner, and the general ledger records were not adjusted timely at the individual grant level, as required by 2 CFR Part 200.</li> </ul> <p><b>Context</b> -</p> <ul style="list-style-type: none"> <li>• For certain nonmajor funds, the City's final budget resulted in a projected fund deficit, as presented in the required supplemental information. For certain appropriations, the City's actual expenditures exceeded its corresponding appropriation, as presented in the notes to the basic financial statements.</li> <li>• The City did not comply with the distributions of taxes stated in MCL 211.43 (Section 43(3) of the General Property Tax Act, 1893 PA 206, as amended). The act requires the City to distribute funds collected on behalf of other taxing authorities within 10 days. There were instances during the year in which the City distribution did not occur within the required time frame; however, all distributions were remitted within 20 business days.</li> <li>• The City did not have a process to track grant activities in the general ledger in a timely manner, and the general ledger records were not adjusted timely at the individual grant level, as required by 2 CFR Part 200.</li> </ul>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-004 (cont.)	<p><b>Cause</b> - There is not a process in place to fully monitor compliance with laws and regulations throughout the year.</p> <p><b>Effect</b> - The City was not in compliance with the laws and regulations identified above.</p> <p><b>Recommendation</b> - We recommend the City implement a process that identifies specific individuals responsible for identifying and monitoring applicable compliance requirements throughout the year.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City makes every effort to ensure approved budgets for all governmental funds are balanced and actual expenditures do not exceed each appropriation account. In fiscal year 2022, the City continued to reduce instances of noncompliance over prior years. In fiscal year 2023, the City will improve its reconciliation of budgeted revenue and expenditures by fund to account for each fund's final accumulated fund balance or deficit, as applicable. In fiscal year 2023, the City will improve appropriation-level budgetary controls in the financial system and improve year-end estimation of potential overages requiring budget amendments.</p> <p>As part of the City Audit Finding Corrective Action Plan, in fiscal year 2022, the City developed a checklist to help ensure all federal expenditures are properly reported. The City will implement additional preparation and review procedures that will include specific timelines and guidelines to ensure completeness, validity, and accuracy of the final SEFA reporting.</p> <p>In addition, the City makes every effort to distribute taxes collected on behalf of other taxing jurisdictions that have taxes levied on city tax bills within 10 business days. Due to the complexity of the tax captures by multiple different arrangements, the City, on occasion, has missed this deadline by several days. But in no event does the City plan to miss this deadline by more than 15 days.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-005	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - There should be a process in place to ensure the City removes terminated employees' access to applicable applications and banking institutions on a timely basis.</p> <p><b>Condition</b> - There were instances identified where Oracle access and bank account access was not removed on a timely basis.</p> <p><b>Context</b> - During testing of removal of terminated employee's Oracle access during FY22, Plante &amp; Moran, PLLC (PM) noted several employees whose Oracle access was deactivated more than 30 days (in some cases months) after termination. Additionally, PM noted two key Treasury personnel who were not removed from several bank accounts until approximately two months after departure.</p> <p><b>Cause</b> - There were not adequate processes in place to ensure access to the general ledger and bank accounts was removed timely.</p> <p><b>Effect</b> - Failure to timely remove user access rights upon termination could result in unauthorized access and/or fraudulent activity in the City's financial system and bank accounts.</p> <p><b>Recommendation</b> - We recommend establishing a process that defines timeliness of removal within the current "Deactivation Process" for GL user access, as well as a process to ensure the need for bank access removal is properly communicated and performed timely to ensure the City's data is only accessible to appropriate individuals and to mitigate the risk of fraud.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City will ensure related policies and procedures are updated, staff trained, and documented evidence is maintained. The City will increase security level controls around timeliness of accounting access removal for terminated employees and password policy. The City will also continue to timely update signers on bank accounts as turnover occurs.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings

Reference Number	Finding
2022-006	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 10.557, Department of Agriculture, WIC Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</p> <p><b>Federal Award Identification Number and Year</b> - 212MI013W5003, 202MI003W1003, programs years 2020 and 2021</p> <p><b>Pass-through Entity</b> - Michigan Department of Health and Human Services</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.303(a), the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p><b>Condition</b> - The City of Detroit, Michigan did not have adequate controls in place to exercise its oversight responsibility of eligibility determinations that were performed by a contractor for the program.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City entered into agreement with a contractor to perform eligibility intake for WIC applicants. While the City arranges for the contractor to perform the intake function, the City is fully responsible for the federal compliance for the eligibility determination process. Testing revealed that the contractor’s staff performed both initial and secondary reviews during the intake process. Procedures further revealed that the City did not have any control in place to exercise its oversight responsibility of the grant and relied solely on the contractor’s eligibility determinations.</p> <p><b>Cause and Effect</b> - In the current year, the City contracted with a contractor to perform the eligibility intake function and other programmatic decisions for WIC. However, the City did not implement controls to ensure eligibility conclusions reached by the contractor were in compliance with the terms and conditions of the award. Without a review of the contractor’s procedures to determine participant eligibility, ineligible participants could receive program benefits.</p> <p><b>Recommendation</b> - We recommend the City develop oversight procedures to review the work completed by contractors that pertain to compliance requirements and programmatic decisions, in this case, participant eligibility determination.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - The City will implement controls to ensure that the health department provides oversight of our contractor and the participant eligibility process. The health department has hired a WIC program director who will monitor participant eligibility compliance and ensure that eligibility policies and procedures are maintained and followed.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-007	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 14.241, Department of Housing and Urban Development, Housing Opportunities for Persons With AIDS (HOPWA) and COVID-19 HOPWA</p> <p><b>Federal Award Identification Number and Year</b> - MIH20 F001, MIH21-F001, and MIH20 FHW001, Program Years 2020 (includes COVID funding), and 2021</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - Yes - 2021-007, 2020-008, 2019-010</p> <p><b>Criteria</b> - Per 24 CFR 574.310, except for persons in short-term supportive housing, each person receiving rental assistance under the HOPWA program must pay as rent the higher of (1) 30 percent of the family's monthly adjusted gross income; (2) 10 percent of the family's monthly gross income; or (3) the portion of the payments that is designated if the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, that is specifically designated by the agency to meet the family's housing costs.</p> <p>Per 2 CFR 200.303(a), the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission.</p> <p><b>Condition</b> - In conjunction with eligibility testing, instances of noncompliance specific to the rental assistance calculation were identified.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - During eligibility testing of a sample of 60, we noted:</p> <ul style="list-style-type: none"> <li>• 14 instances where the calculation of rental assistance was incorrect. In 2 instances, the error resulted in an overpayment, and, in 12 instances, the error resulted in an underpayment of benefits.</li> <li>• 1 instance where the amount paid as rental assistance exceeded the calculated rental assistance.</li> <li>• 17 instances where there was no evidence of second review of the calculations of rental assistance.</li> </ul> <p><b>Cause and Effect</b> - The lack of adequate controls in the form of detailed reviews over the calculation and payment of rental assistance, based on the requirements of 24 CFR 574.310, resulted in both overpayments and underpayments of rental assistance to beneficiaries.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-007 (cont.)	<p><b>Recommendation</b> - We recommend that the City review its procedures and controls specific to the calculation of rental assistance and make modifications as necessary to ensure that inputs of the calculation are reviewed for completeness and accuracy and that the payments are consistent with the calculation prior to finalizing the benefits and communicating the same to the participant.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In FY23, the City of Detroit's Public Health Project Coordinator implemented a review of 100 percent of clients who received subsidy services. The intensive review is being performed to help ensure all required documents are saved and accurate. A corrective action plan will be documented and further reviews put in place to help ensure compliance and consistency for all rental calculations. The City will also continue to work with its contractor on process improvements.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-008	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 93.914, Department of Health and Human Services, HIV Emergency Relief Project Grants</p> <p><b>Federal Award Identification Number and Year</b> - H89HA00021-29-01, H89HA00021-30-00</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Significant deficiency</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Criteria Per 2 CFR 200.331 (b) - Contractors. A contract is for the purpose of obtaining goods and services for the nonfederal entity's own use and creates a procurement relationship with the contractor. See the definition of contract in § 200.1 of this part. Characteristics indicative of a procurement relationship between the nonfederal entity and a contractor are when the contractor:</p> <ol style="list-style-type: none"> <li>(1) Provides the goods and services within normal business operations</li> <li>(2) Provides similar goods or services to many different purchasers</li> <li>(3) Normally operates in a competitive environment</li> <li>(4) Provides goods or services that are ancillary to the operation of the federal program</li> <li>(5) Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons</li> </ol> <p><b>Condition</b> - We noted that the City's contractor was a party to the agreements with the City's subrecipients. Based on the definition of a subaward as defined by Uniform Guidance (UG), a subaward is provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. Further, a pass-through entity is defined as a nonfederal entity that provides a subaward to a subrecipient to carry out part of a federal program. A contractor is not a pass-through entity.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City's contractor selected the City's 15 subrecipients and entered into a subaward agreement with each of them. In addition to the contractor's signature, the City was also a signer of the agreement. It was noted that the City performed the monitoring of the 15 subrecipients as required by UG.</p> <p><b>Cause and Effect</b> - The City's relationship with the contractor changed recently from a fiduciary relationship to a contractor relationship, and certain responsibilities that were more in line with a subrecipient characteristic were retained in the contract. The City is responsible for evaluating agreements to assess whether a subrecipient or contractor relationship exists. The inclusion of programmatic decisions within an agreement could result in an inappropriate conclusion as to whether a subrecipient or contractor relationship exists and the City not performing appropriate oversight procedures.</p> <p><b>Recommendation</b> - We recommend that the City review the contract and ensure that the scope of services excludes responsibilities that might apply to a subrecipient rather than a contractor and verify that adequate oversight controls are in place.</p>

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Schedule of Findings and Questioned Costs (Continued)

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Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-008 (cont.)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - The City will implement a process to ensure that its contractors do not enter into subrecipient agreements on behalf of the City. This will be monitored by ensuring that the contractors scope of work does not include soliciting and contracting with organizations as subrecipients. The City will issue its own Notice of Funding Availability (NOFA) application and directly enter into subrecipient agreements with qualified organizations.



Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-009	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 93.914, Department of Health and Human Services, HIV Emergency Relief Project Grants</p> <p><b>Federal Award Identification Number and Year</b> - H89HA00021-29-01, H89HA00021-30-00</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - The grant agreement with the awarding agency, Health Resources and Services Administration (HRSA), identifies that program income must be treated under the addition method. Per 45 CFR 75.307 (e), program income may be added to the federal award by the federal agency and the nonfederal entity. The program income must be used for the purposes and under the conditions of the federal award.</p> <p><b>Condition</b> - The city controls did not result in the reporting of program income earned by subrecipients to the funding agency and not reporting the program income and related expenditures in their general ledger and on the SEFA.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City's subrecipients earn and report program income to the City, and the City monitors the subrecipients' compliance related to the use of the program income; however, the City did not report the program income to its funding agency and did not reflect program income and related expenditures in their general ledger or on the SEFA for the year ended June 30, 2022. Program income earned by subrecipients for fiscal year 2022 totaled approximately \$4,800 and was subsequently included on the SEFA as of June 30, 2022.</p> <p><b>Cause and Effect</b> - The City was aware of the regulations related to program income delegated to the subrecipients but was not aware of the regulations it needed to comply with. As a result, the City did not report the program income to HRSA and did not reflect program income and related expenditures in its general ledger and on the SEFA. The lack of reporting could also result in the appropriate major programs not being selected as a result of the SEFA being understated.</p> <p><b>Recommendation</b> - We recommend the City evaluate all applicable regulations to determine their responsibility and implement processes and controls in order to be in compliance with the requirements.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The \$4,800 program income was reported on the general ledger in FY22 and included in the final FY22 SEFA but after the notification from the auditors. The City will implement a corrective action plan to document the program income requirements and track all awards with program income to help ensure proper and accurate reporting.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-010	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 20.507 and 20.526, Department of Transportation, Federal Transit Cluster, including COVID-19</p> <p>ALN 14.231, Department of Housing and Urban Development, Emergency Solutions Grant Program, including COVID-19</p> <p><b>Federal Award Identification Number and Year</b> - ALN 14.231: E19MC260006, E20MC260006, E20MW260006, E21MC260006</p> <p>ALN 20.507 and 20.526: All awards included on the schedule under the ALNs</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.303(a), the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission.</p> <p>The City has written procedures for the use of noncompetitive procurement methods in place, as required by procurement standards within 2 CFR Part 200, Subpart D (Post Federal Award Requirements) and Notice CPD-21-09 issued by the Department of Housing and Urban Development, as well as the Federal Transit Authority Circular 4220. The City’s internal policy requires the Office of Contracting and Procurement (OCP) to notify City Council in writing of basis for the emergency and selection of a particular supplier within one week of procurement and for the OCP to submit the contract for City Council approval within four weeks of procurement.</p> <p><b>Condition</b> - A contract selected for testing within Emergency Solutions Grant Program that was procured in August 2021 was not communicated to City Council until October 2022.</p> <p>A contract selected for testing within the Federal Transit Cluster that was procured in November 2021 was submitted for City Council approval within the prescribed four weeks; however, OCP did not notify City Council in writing of the basis for the emergency contract within one week of the procurement.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - In our sample of one ESG procurements, we noted one instance of noncompliance. In our sample of seven FTC procurements, we noted one instance of noncompliance.</p> <p><b>Cause and Effect</b> - The City’s controls were not adequate to ensure it followed its internal policy concerning noncompetitive procurements. As a result, there were two instances of noncompliance related to procurement.</p>

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Schedule of Findings and Questioned Costs (Continued)

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Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-10 (cont.)	<p><b>Recommendation</b> - We recommend the City follow the existing policies and procedures to ensure procurement practices remain in compliance with the City's internal policies and procedures.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City will review its current procurement noncompetitive policy to ensure the required review, controls, and checklist are in place to ensure compliance and all policy steps are followed by staff.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-011	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 14.231, Department of Housing and Urban Development, Emergency Solutions Grant Program, including COVID-19</p> <p>ALN 20.507 and 20.526, Department of Transportation, Federal Transit Cluster, including COVID-19</p> <p><b>Federal Award Identification Number and Year</b> - ALN 14.231: E19MC260006, E20MC260006, E20MW260006, E21MC260006</p> <p>ALN 20.507 and 20.526: All awards included on the schedule under the ALNs</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - A nonfederal entity must have adequate procedures in place to verify that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR sections 200.212 and 200.318(h); 2 CFR section 180.300; 48 CFR section 52.209-6).</p> <p>Additionally, a nonfederal entity requires a cost-price analysis to be performed with every procurement action in excess of the Simplified Acquisition Threshold (2 CFR section 200.324).</p> <p><b>Condition</b> - During procurement testing, we noted two contracts for which the City did not review sam.gov to ensure the entity was not suspended or debarred. Additionally, we noted one contract for which the City did not perform the required cost-price analysis.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The contracts identified above was tested among a sample of 15 contracts in total, a sample of 8 for ESG and a sample of 7 for FTC.</p> <p><b>Cause and Effect</b> - The City's controls were not adequate to comply with suspension and debarment and cost-price analysis requirements. A possible effect is that the City could be responsible for repaying costs charged to the grant if it enters into a transaction with an entity that is suspended or debarred or that the appropriate cost-price analysis has not been performed.</p> <p><b>Recommendation</b> - We recommend the City implement adequate controls to ensure verification of debarment, suspension, or exclusion takes place before entering into covered transactions, and, when required, a cost-price analysis is performed.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City will review its current procurement policy and implement additional controls as needed to help ensure verification is performed as required and the required processes are followed.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-012	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 21.027, Department of Treasury, COVID-19 Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)</p> <p><b>Federal Award Identification Number and Year</b> - N/A</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Significant deficiency and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.332 (a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and, if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes the following:</p> <ul style="list-style-type: none"> <li>(1) Federal award identification           <ul style="list-style-type: none"> <li>(i) Subrecipient name (which must match the name associated with its unique entity identifier)</li> <li>(ii) Subrecipient's unique entity identifier</li> <li>(iii) Federal Award Identification Number (FAIN)</li> <li>(iv) Federal award date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the federal agency</li> <li>(v) Subaward period of performance start and end date</li> <li>(vi) Subaward budget period start and end date</li> <li>(vii) Amount of federal funds obligated by this action by the pass-through entity to the subrecipient</li> <li>(viii) Total amount of federal funds obligated to the subrecipient by the pass-through entity, including the current financial obligation</li> <li>(ix) Total amount of the federal award committed to the subrecipient by the pass-through entity</li> <li>(x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)</li> <li>(xi) Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity</li> <li>(xii) Assistance Listing Numbers and title; the pass-through entity must identify the dollar amount made available under each federal award and the Assistance Listing Numbers at time of disbursement</li> <li>(xiii) Identification of whether the award is R&amp;D</li> <li>(xiv) Indirect cost rate for the federal award (including if the de minimis rate is charged) per § 200.414</li> </ul> </li> </ul>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-012 (cont.)	<p><b>Condition</b> - The CSLFRF subrecipient agreements did not include the CSLFRF assistance Listing Number (ALN), as required per 2 CFR 200.332 (a)(1)(xii).</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - During the fiscal year, the City passed through CSLFRF funding to three subrecipients. The agreements with the subrecipients included a reference to the applicable regulations provided by the Treasury and all the elements outlined under 2 CFR 200.331 (a)(1) with the exception of the ALN.</p> <p><b>Cause and Effect</b> - The City's controls did not ensure that the subrecipient agreements included all the required elements, as outlined under 2 CFR 200.332 (a)(1). The lack of information could result in noncompliance by the subrecipient, as well as incorrect SEFA reporting.</p> <p><b>Recommendation</b> - We recommend the City implement adequate controls to ensure subrecipient agreements included all the required elements, as outlined under 2 CFR 200.332 a)(1).</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City has implemented a process to ensure that all subrecipient agreements contain the federal ALN, as required by 2 CFR 200.332. All subrecipient agreements will include a new exhibit as an attachment in the agreement that will include the ALN and any other required grant elements.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-013	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 21.023, Department of Treasury, COVID-19 Emergency Rental Assistance Program (ERAP)</p> <p>ALN 20.205, Department of Transportation, Highway Planning and Construction Cluster, Highway Planning and Construction (Federal-aid Highway Program)</p> <p>ALN 20.505, Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research</p> <p>ALN 93.323, Department of Health and Human Services, COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</p> <p>ALN 97.036, Department of Homeland Security, COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) (FEMA)</p> <p>ALN 93.268, Department of Health and Human Services, Total Immunizations Cooperative Agreements</p> <p>ALN 93.145, Department of Health and Human Services, HIV Related Training and Technical Assistance</p> <p>ALN 93.686, Department of Health and Human Services, Ending the HIV Pandemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B</p> <p><b>Federal Award Identification Number and Year</b> - Various</p> <p><b>Pass-through Entity</b> - N/A for ALN 21.023, 20.505, 93.145, and 93.686</p> <p>ALN 20.205 is passed through Michigan Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research.</p> <p>ALN 93.323 is passed through Michigan Department of Health and Human Services.</p> <p>ALN 97.036 is directly funded and passed through Michigan Department of Health and Human Services and Michigan State Police.</p> <p>ALN 93.323 is passed through Michigan Department of Health and Human Services.</p> <p><b>Finding Type</b> - Material weakness</p> <p><b>Repeat Finding</b> - Yes - 2021-013</p> <p><b>Criteria</b> - Per 2 CFR 200.510(b) - The auditee must also prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements, which must include the total federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by federal awarding agencies and pass-through entities to make the schedule easier to use.</p> <p><b>Condition</b> - The schedule of expenditures of federal awards (SEFA) was not complete, accurate, or prepared timely.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-013 (cont.)	<p><b>Context</b> - In fiscal year 2022, the City expended approximately \$230.0 million of federal funding. The funding was received by various departments within the City from several federal and nonfederal entities. The City accumulates the financial data and other required information to complete the SEFA. The SEFA included the following inaccuracies:</p> <ul style="list-style-type: none"> <li>• ALN 21.023 (ERAP) - The expenditures reported on the SEFA were understated by \$1,868,133 related to the June 30, 2022 accrual.</li> <li>• ALN 20.205 Highway Planning and Construction program - Expenditures of \$2,027,058 were improperly included under the Federal Transit Cluster, ALN 20.500, instead of the Highway Planning and Construction Cluster.</li> <li>• ALN 20.505 Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research. - Expenditures of \$249,939 were improperly included under the Transit Services Program Cluster, ALN 20.516 and 20.521.</li> <li>• ALN 93.323 (ELC) and ALN 97.036 (FEMA) - \$283,851 spent under ALN 97.036 (FEMA) was improperly reported under ALN 93.323 (ELC).</li> <li>• ALN 93.268 Immunizations Cooperative Agreements - Expenditures of \$1,698,773 were improperly excluded from the SEFA.</li> <li>• ALN 93.145, HIV Related Training and Technical Assistance and ALN 93.686, Ending the HIV Pandemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - Expenditures of \$240,000 were improperly reported as ALN 93.686 instead of ALN 93.145.</li> </ul> <p><b>Cause and Effect</b> - Controls in place did not ensure the SEFA was completed in a timely manner and that it was complete and accurate. The resulting errors had the following impact:</p> <ul style="list-style-type: none"> <li>• ALN 21.023 (ERAP) - The expenditures reported on the SEFA were initially understated by \$1,868,133.</li> <li>• ALN 20.205 Highway Planning and Construction program - Expenditures of \$2,027,058 were improperly included under the Federal Transit Cluster instead of the Highway Planning and Construction Cluster resulting in the Highway Planning and Construction Cluster being a Type B program</li> <li>• ALN 20.505 Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - Expenditures of \$249,939 were improperly included under the Transit Services Program Cluster.</li> <li>• ALN 93.323 (ELC) and ALN 97.036 (FEMA) - \$1,371,758 spent under ALN 97.036 (FEMA) was improperly reported under ALN 93.323, (ELC). The initial understatement of FEMA expenditures impacted major program determination.</li> <li>• ALN 93.268 Total Immunizations Cooperative Agreements - The expenditures reported on the SEFA were initially understated by \$283,851.</li> <li>• ALN 93.145, HIV Related Training and Technical Assistance and ALN 93.686, Ending the HIV Pandemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$240,000 spent under ALN 93.145 were improperly included in ALN 93.686.</li> </ul> <p>These errors, noted above, have been corrected on the SEFA as of June 30, 2022.</p>



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Schedule of Findings and Questioned Costs (Continued)

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Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-013 (cont.)	<p><b>Recommendation</b> - The City should implement process to ensure that the SEFA is prepared timely and that it is complete and accurate.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - As part of the City Audit Finding Corrective Action Plan, in FY22, the City developed a SEFA checklist to help ensure all federal expenditures are properly reported. A follow-up AFCAP will be implemented and additional processes put in place by management that will provide timelines, a pre-SEFA reporting review before the year-end close to effectively meet audit report timelines and help ensure completeness, validity, and accuracy in advance of the final SEFA reporting.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2022-014	<p><b>Assistance Listing Number, Federal Agency, and Program Name</b> - ALN 14.218, Department of Housing and Urban Development, Community Development Block Grants Cluster</p> <p><b>Federal Award Identification Number and Year</b> - B-21-MC-26-0006</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material noncompliance and material weakness</p> <p><b>Repeat Finding</b> - Yes, 2021-014</p> <p><b>Criteria</b> - The Federal Funding Accountability and Transparency Act (FFATA), as amended by 6202 of Public La 110-252, requires a prime grant awardee to report its subgrants using the FFATA Subaward reporting System (FSRS) tool. The prime recipient will have until the end of the month plus one additional month after an award or subaward is obligated to fulfill the reporting requirement.</p> <p><b>Condition</b> - During reporting testing, we noted that the City did not file three FFATA reports, and there were five untimely submissions.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - N/A</p> <p><b>Context</b> - The City obligated several subawards throughout the year ended June 30, 2022, and the reports were due at end of the month plus one additional month after the award or subaward was obligated.</p>

The following table summarizes the transactions examined and the noncompliance identified:

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
10	3	5	0	0
Dollar Amount of Tested Transactions	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$3,177,529	\$806,928	\$2,219,706	\$0	\$0

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2021-014 (cont.)	<p><b>Cause and Effect</b> - The City's processes did not properly identify the FFATA filing requirements resulting in a delay in filing the report.</p> <p><b>Recommendation</b> - We recommend the City implement adequate controls to ensure compliance with FFATA reporting requirements.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - In fiscal year 2022, the City created and implemented a Federal Funding Accountability and Transparency Act (FFATA) SOP that included roles and responsibilities and process requirements. Management will finalize the rollout of the policy and implement additional controls to ensure the FFATA filing requirements are met and reporting is timely and accurate.</p>