
Charter Township of Redford

Federal Awards Supplemental Information
March 31, 2020

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-11

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

Independent Auditor's Report

To the Board of Trustees
Charter Township of Redford

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 Charter Township of Redford (the "Charter Township") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township's basic financial statements. We issued our report thereon dated September 9, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 9, 2020.

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 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 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

September 9, 2020

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 and the Board of Trustees
Charter Township of Redford

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 Charter Township of Redford (the "Charter Township") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township's basic financial statements, and have issued our report thereon dated September 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Charter Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2020-003, 2020-004, 2020-005, and 2020-006 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Charter Township of Redford

The Charter Township's Responses to the Findings

The Charter Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Charter Township's responses were not subjected to the 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 Township'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 Charter Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 9, 2020

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 Board of Trustees
Charter Township of Redford

Report on Compliance for Each Major Federal Program

We have audited the Charter Township of Redford's (the "Charter Township") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Charter Township's major federal program for the year ended March 31, 2020. The Charter Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter Township's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Charter Township's compliance.

Opinion on Each Major Federal Program

In our opinion, the Charter Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended March 31, 2020.

Report on Internal Control Over Compliance

Management of the Charter Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter Township's internal control over compliance.

To the Board of Trustees
Charter Township of Redford

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moran, PLLC

September 9, 2020

Charter Township of Redford

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Dept. of Housing and Community Development - CDBG Entitlement Grants Cluster:				
Program year 2017 - B-17-MC-26-0029	14.218	N/A	\$ -	\$ 9,267
Program year 2018 - B-18-MC-26-0029	14.218	N/A	-	25,000
Program year 2019 - B-19-MC-26-0029	14.218	N/A	<u>30,000</u>	<u>1,345,095</u>
Total U.S. Dept. of Housing and Community Development			30,000	1,379,362
U.S. Dept. of Justice - Equitable Sharing Program	16.922	N/A	-	8,450
U.S. Dept. of Agriculture - Child Nutrition Cluster - Summer Food Service Program for Children	10.559	N/A	-	34,223
U.S. Dept. of Homeland Security:				
Assistance to Firefighters Grant	97.044	EMW-2018-FR- 00216	-	163,438
SAFER - Staffing for Adequate Fire and Emergency Response	97.083	N/A	-	<u>579,401</u>
Total U.S. Dept. of Homeland Security			<u>-</u>	<u>742,839</u>
Total			<u>\$ 30,000</u>	<u>\$ 2,164,874</u>

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended March 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Charter Township of Redford (the "Township") under programs of the federal government for the year ended March 31, 2020. 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 Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting. 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. Pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs

Year Ended March 31, 2020

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? X Yes None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.218	Community Development Block Grant Cluster	Unmodified

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

Auditee qualified as low-risk auditee? Yes X No

Charter Township of Redford

Schedule of Findings and Questioned Costs (Continued)

Year Ended March 31, 2020

Section II - Financial Statement Audit Findings

Reference Number	Finding
2020-001	<p>Finding Type - Material weakness</p> <p>Criteria - Management should have a process in place by which to close the year and present the trial balance ready for audit in accordance with generally accepted accounting principles.</p> <p>Condition - In performing our audit, there were instances where the accounting records were not yet closed for the year and required adjustment.</p> <p>Context - Numerous adjustments were made to the accounting records. Many were proposed by finance staff, but there were several instances where the audit team proposed journal entries.</p> <p>Cause - The Township did not have processes in place to close accounting records accurately and timely.</p> <p>Effect - As a result, a significant number of journal entries were required to properly state the records in compliance with generally accepted accounting principles. If the entries were not made, the statements would have been materially misstated.</p> <p>Recommendation - We recommend the Township put procedures in place to ensure all year-end entries are posted to the general ledger prior to commencement of the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and has reinstated certain procedures that were changed. The Township's management will monitor the procedures to ensure accounting records are properly recorded.</p>

Reference Number	Finding
2020-002	<p>Finding Type - Material weakness</p> <p>Criteria - Bank reconciliations should be prepared and reviewed on a timely basis.</p> <p>Condition - During our audit, we noted that the bank reconciliations had not been completed timely and had multiple unresolved reconciling items.</p> <p>Context - Bank reconciliations had unresolved reconciling items at year end. These differences were resolved during the audit in July 2020.</p> <p>Cause - The Township did not have a process to review of the bank reconciliations timely and accurately.</p> <p>Effect - Bank reconciliations are critical for the detection and correction of any errors in the cash records. Any shortcoming in the process of preparing and reviewing these reconciliations could result in errors not being detected and corrected on a timely basis.</p> <p>Recommendation - We recommend that the Township put into place a procedure by which the bank reconciliations are prepared and reviewed within the month following receipt of the statement.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and will put procedures into place to ensure bank reconciliations are prepared and reviewed timely.</p>

Charter Township of Redford

Schedule of Findings and Questioned Costs (Continued)

Year Ended March 31, 2020

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2020-003	<p>Finding Type - Significant deficiency</p> <p>Criteria - The schedule of expenditures of federal awards should be prepared accurately and reviewed on a timely basis.</p> <p>Condition - During our audit of federal expenditures, we noted that the schedule of expenditures of federal awards was not prepared in an accurate manner and required revisions identified by the audit team.</p> <p>Context - The schedule of expenditures of federal awards was initially incorrectly stated, which impacted major program determination.</p> <p>Cause - The Township did not have a process to review the schedule of expenditures of federal awards accurately.</p> <p>Effect - A complete and accurate schedule of expenditures of federal awards is critical for major program determination and accurate reporting</p> <p>Recommendation - We recommend that the Township put into place a procedure by which the schedule of expenditures of federal awards is prepared and reviewed timely.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and will put procedures into place to ensure the schedule is prepared and reviewed timely.</p>
2020-004	<p>Finding Type - Significant deficiency</p> <p>Criteria - Personnel information for active and retired employees should be maintained by the Township and should be complete with all relevant information.</p> <p>Condition - During our audit of retirement systems, it was noted that the Township did not have complete personnel information for certain retirees.</p> <p>Context - There were multiple sample selections where retiree information was not available and, therefore, unable to be corroborated as part of our audit.</p> <p>Cause - The Township maintains files in multiple locations and does not have a process in place to ensure older retiree files are maintained.</p> <p>Effect - The lack of appropriate retiree documentation can lead to inaccurate benefit payments and/or valuations being calculated on incorrect information.</p> <p>Recommendation - We recommend that the Township put a procedure into place to ensure that personnel files are properly maintained and complete.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and will put procedures into place to track and maintain employee files.</p>

Charter Township of Redford

Schedule of Findings and Questioned Costs (Continued)

Year Ended March 31, 2020

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2020-005	<p>Finding Type - Significant deficiency</p> <p>Criteria - OPEB benefit payments recorded by the Township and paid by the police and fire OPEB trust should represent actual retiree health care payments made during the year.</p> <p>Condition - During the audit of retirement systems, it was noted that the Township had incorrectly adjusted OPEB benefits related to health insurance costs in the prior fiscal year.</p> <p>Context - Police and fire OPEB benefit payments were overstated by \$340,647 in fiscal year 2019 but not discovered until fiscal year 2020 and corrected.</p> <p>Cause - The Township did not have a process to accurately calculate or review benefit payments and related adjusting journal entries.</p> <p>Effect - Miscalculation of benefit payments resulted in the overstatement of benefit payments.</p> <p>Recommendation - We recommend the Township implement a layer of review for retiree health care transactions to ensure proper reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and will put procedures into place to ensure retiree health care is properly tracked and reported.</p>

Reference Number	Finding
2020-006	<p>Finding Type - Significant deficiency</p> <p>Criteria - Retiree payments should be accurately calculated based on personnel data.</p> <p>Condition - During the audit of retirement systems, it was noted that the Township had incorrectly overpaid a police and fire retiree.</p> <p>Context - A retiree was overpaid for nine years for a total amount of \$12,098. The error is not material and was corrected in the current year.</p> <p>Cause - The Township did not have a process to accurately calculate or review benefit payments.</p> <p>Effect - The miscalculation resulted in a retiree receiving more benefits than entitled.</p> <p>Recommendation - We recommend the Township implement a layer of review for retiree transactions to ensure proper calculations.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding and will put procedures into place to ensure retiree payments are properly calculated and reviewed.</p>

Section III - Federal Program Audit Findings

None