

**Community Mental Health Partnership
of Southeast Michigan**

Federal Awards
(Supplementary Information
to Financial Statements)
September 30, 2023



Community Mental Health Partnership of Southeast Michigan
Federal Awards
Supplementary Information to Financial Statements
September 30, 2023

Table of Contents

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	1-2
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs	8-9
Schedule of Prior Audit Findings	10
Corrective Action Plan	11



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Community Mental Health Partnership of Southeast Michigan (the PIHP), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PIHP's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PIHP'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Sincerely,

Roslund, Prestage & Company, P.C.

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

March 27, 2024



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Mental Health Partnership of Southeast Michigan's (the PIHP's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the PIHP's major federal programs for the year ended September 30, 2023. The PIHP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the PIHP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 PIHP 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 PIHP'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 PIHP's federal programs.

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 PIHP'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 generally accepted auditing standards, *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 PIHP's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 PIHP'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 PIHP'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 PIHP'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 which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the PIHP's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The PIHP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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 requires the auditor to perform limited procedures on the PIHP's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The PIHP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the PIHP, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PIHP's basic financial statements. We issued our report thereon dated March 27, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

June 18, 2024

Community Mental Health Partnership of Southeast Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Agency/Pass-Through Grantor/Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Expenditures	Amounts Passed Through to Subrecipients
Department of Health and Human Services					
Opioid STR					
State Opioid Response II	93.788	MDHHS	E20233649-00	\$ 2,541,294	\$ -
Total ALN 93.788				<u>2,541,294</u>	<u>-</u>
Block Grants for Community Mental Health Services					
CCBHC Non-Medicaid Operations Support	93.958	MDHHS	E20231556-00	219,640	-
Clubhouse Engagement	93.958	MDHHS	E20231156-00	3,577	-
Veterans' Navigator	93.958	MDHHS	E20231196-00	184,776	-
Total ALN 93.958				<u>407,993</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse					
Administration (ADM)	93.959	MDHHS	E20233060-00	236,915	-
Prevention	93.959	MDHHS	E20233287-00	670,123	-
Treatment	93.959	MDHHS	E20233058-00	1,666,800	497,671
Women's' Specialty Services	93.959	MDHHS	E20232710-00	607,754	-
COVID-19 ARPA Administration	93.959	MDHHS	E20232908-00	100,000	-
COVID-19 ARPA Prevention	93.959	MDHHS	E20233288-00	165,804	-
COVID-19 ARPA Treatment	93.959	MDHHS	E20232905-00	285,284	10,614
COVID-19 Administration	93.959	MDHHS	E20232907-00	50,000	-
COVID-19 Prevention	93.959	MDHHS	E20233289-00	389,599	18,252
COVID-19 Treatment	93.959	MDHHS	E20232906-00	1,743,862	173,500
COVID-19 Women's Specialty Services	93.959	MDHHS	E20232709-00	323,765	-
MI PAC - Block Grants	93.959	MDHHS	E20234706-00	56,693	-
Total ALN 93.959				<u>6,296,599</u>	<u>700,037</u>
Total Department of Health and Human Services				9,245,886	700,037
Total Federal Awards Subject to Single Audit				\$ 9,245,886	\$ 700,037

Community Mental Health Partnership of Southeast Michigan
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Mental Health Partnership of Southeast Michigan (the PIHP) under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the PIHP, it is not intended to and does not present its financial position or changes in net position of the PIHP.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The PIHP has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenues in the financial statements of the PIHP:

Description	Amount
Federal revenues subject to single audit as seen on SEFA	9,245,886
State revenues and remaining federal revenues not subject to single audit	465,348
Total "State and federal grants" per financial statements	9,711,234

Community Mental Health Partnership of Southeast Michigan
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

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

FEDERAL AWARDS

Internal control over major program:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes ___ No

Identification of major programs:

Assistance Listing Number(s)

 93.959

Name of Federal Program or Cluster

 Block Grants for Prevention and Treatment
 of Substance Abuse

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

\$750,000

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 – Communications with Subrecipients (repeat comment)

Finding Type: Significant Deficiency in internal control over compliance / noncompliance

Program: ALN 93.959 – COVID-19 - ARPA Treatment

Criteria: As required by 2 CFR 200.332, the pass-through entity must communicate specific information to subrecipients, as applicable.

Condition: Contracts with subrecipients did not include portions of required disclosures.

Cause/Effect: Inadequate internal controls over compliance. Select contracts were not in compliance with 2 CFR 200.332.

Questioned Cost: None.

Recommendation: We recommend that the PIHP update all contracts with subrecipients to include required language.

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

Community Mental Health Partnership of Southeast Michigan
Schedule of Prior Audit Findings
For the Year Ended September 30, 2023

2022-001: **Considered a significant deficiency in internal control over compliance/immaterial non-compliance**

Program: **ALN 93.958 Block Grants for Prevention and Treatment of Substance Abuse (Treatment and Access Management)**

Condition: During testing of contracts with subrecipients it was noted that these contracts did not include portions of required disclosures.

Status: Repeat comment for 2023.

2022-002: **Considered a significant deficiency in internal control over compliance/immaterial non-compliance**

Program: **ALN 93.959 Block Grants for Prevention and Treatment of Substance Abuse (COVID-19 - ARPA Prevention)**

Condition: During testing it was noted that \$112,581 of costs that were allowable under COVID-19 - ARPA Treatment were incorrectly allocated from COVID-19 - ARPA Treatment to ARPA Prevention.

Status: Issue not noted for 2023.



**CMHPSM REGION SIX
CMHSP PARTNERS**

Lenawee Community
Mental Health Authority

Livingston County
Community Mental
Health Authority

Monroe County
Community Mental
Health Authority

Washtenaw County
Community Mental
Health

**CMHPSM BOARD OF
DIRECTORS**

Judy Ackley
Patrick Bridge
Rebecca Curley
LaMar Frederick
Bob King
Molly Welch Marahar
Rebecca Pasko
Mary Pizzimenti
Alfreda Rooks
Mary Serio
Annie Somerville
Holly Terrill
Ralph Tillotson

CMHPSM CEO

James Colaianne

Corrective Action Plan

Finding: 2023-001 – Communications with Subrecipients (repeat comment)

Condition: Contracts with subrecipients did not include portions of required disclosures.

Corrective Action Plan: CMHPSM added an additional staff position, Regional Project Assistant, to do additional work on contracts. This position was added after the April 2023 Board meeting to assist with contract reviews. The position reports up to CJ Witherow.