
City of Detroit, Michigan

Federal Awards Supplemental Information
June 30, 2023

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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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2023, 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 21, 2023.

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 78.54 percent, 75.50 percent, and 52.77 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 \$205 million, \$30.6 million, and \$24.3 million, respectively; the Greater Detroit Resource Recovery Authority, which represents 3.14 percent, 5.28 percent, and 1.39 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information; and the Detroit Building Authority, which represents 33.58 percent, 5.63 percent, and 65.13 percent of the assets, fund balance, and revenue, respectively, of the major Capital Projects Fund. Those financial statements were audited by other auditors, whose reports have 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 reports 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, Greater Detroit Resource Recovery, 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

January 29, 2024

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, 2023 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 21, 2023.

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 78.54 percent, 75.50 percent, and 52.77 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 \$205 million, \$30.6 million, and \$24.3 million, respectively; the Greater Detroit Resource Recovery Authority, which represents 3.14 percent, 5.28 percent, and 1.39 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information; and the Detroit Building Authority, which represents 33.58 percent, 5.63 percent, and 65.13 percent of the assets, fund balance, and revenue, respectively, of the major Capital Projects Fund. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Capital Projects Fund, business-type activities, aggregate discretely presented component units, and Public Lighting Authority as a major enterprise fund, are based solely on the reports 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 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 and other matters that are reported on separately by those auditors.

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 2023-001 and 2023-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Plante & Moran, PLLC

December 21, 2023

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, 2023. 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.

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, 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 (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.

Other Matters - Federal Expenditures Not Included in the Compliance Audit

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, Greater Detroit Resource Recovery, Public Lighting Authority, Greater Detroit Resource Recovery, and Detroit Building Authority, which expended federal awards that are not included in the schedule during the year ended June 30, 2023. Our audit, described below, did not include the operations of the above-mentioned entities because these entities 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

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.

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 2023-004, 2023-007, 2023-008, 2023-010, and 2023-012. 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 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-010, 2023-011, and 2023-012 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-009 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 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.

Plante & Moran, PLLC

January 29, 2024

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|---------------------------|-----------------------|--|--|----------------------|
| Department of Agriculture | | | | | |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Resident Services 2022 | 10.557 | | 20220334-00 | \$ 995,347 | \$ 1,178,172 |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding 2023 | 10.557 | | 20230171-00 | - | 128,031 |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Resident Services 2023 | 10.557 | | 20230171-00 | 2,337,278 | 3,258,503 |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Breastfeeding 2022 | 10.557 | | 20220334-00 | - | 113,778 |
| Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children | | | | 3,332,625 | 4,678,484 |
| Passed through Michigan Department of Education - | | | | | |
| Child and Adult Care Food Program (CACFP) FY 2023 | 10.558 | | ORG3395 | - | 73,350 |
| Child Nutrition Cluster - Passed through Michigan Department of Education: | | | | | |
| Summer Food Service Program for Children | 10.559 | | 220900 | - | 212,068 |
| Summer Food Service Program for Children | 10.559 | | ORG1456 | - | 65,974 |
| Total Child Nutrition Cluster | | | | - | 278,042 |
| Total Department of Agriculture | | | | 3,332,625 | 5,029,876 |
| Department of Housing and Urban Development | | | | | |
| CDBG Entitlement Grants Cluster - | | | | | |
| Community Development Block Grants/Entitlement Grants | | | | | |
| Direct Programs: | | | | | |
| Community Development Block Grant/Entitlement Grants | 14.218 | B16MC260006 | | 329,559 | 329,559 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B17MC260006 | | 1,684,155 | 1,684,155 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B18MC260006 | | 1,700,048 | 1,724,141 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B19MC260006 | | 3,758,313 | 3,760,549 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B20MC260006 | | 3,946,598 | 4,154,900 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B21MC260006 | | 4,461,456 | 4,534,983 |
| Community Development Block Grant/Entitlement Grants | 14.218 | B22MC260006 | | 7,777,772 | 11,922,681 |
| COVID-19 Community Development Block Grant/Entitlement Grants | 14.218 | B20MW260006 | | 7,502,682 | 15,640,928 |
| Neighborhood Stabilization Program (NSP) 1 | 14.218 | B-11-MN-0004 | | - | 97,940 |
| Total CDBG Entitlement Grants Cluster | | | | 31,160,583 | 43,849,836 |
| Direct Programs: | | | | | |
| COVID-19 - Emergency Solutions Grant Program | 14.231 | E20MW260006 | | 3,184,349 | 3,602,610 |
| Emergency Solutions Grant Program | 14.231 | E20MC260006 | | 2,577,221 | 2,689,117 |
| Total Emergency Solutions Grant Program | | | | 5,761,570 | 6,291,727 |
| Direct Programs: | | | | | |
| Home Investment Partnerships Program | 14.239 | M-15-MC-26-0202 | | - | 2,222,516 |
| COVID-19 Investment Partnerships Program | 14.239 | M21-MP260202 | | - | 118,832 |
| Home Investment Partnerships Program | 14.239 | M-16-MC-26-0202 | | - | 950,437 |
| Total Home Investment Partnership | | | | - | 3,291,785 |
| Direct Programs: | | | | | |
| COVID-19 Housing Opportunities for Persons With Aids | 14.241 | MIH20-FHW001 | | 276,889 | 276,889 |
| Housing Opportunities for Persons With Aids | 14.241 | MIH20-F001 | | - | 397,892 |
| Housing Opportunities for Persons With Aids | 14.241 | MIH21-F001 | | - | 550,065 |
| Housing Opportunities for Persons With Aids | 14.241 | MIH22F001 | | - | 2,653,052 |
| Total Housing Opportunities for Persons With AIDS | | | | 276,889 | 3,877,898 |
| Hope VI Cluster - Direct Programs - Neighborhood Implementation Grants | | | | | |
| Choice Neighborhoods Implementation Grant Program | 14.889 | MI5F536CNG120 | | 195,357 | 620,056 |
| Direct Programs: Lead Hazard Reduction Demonstration Grant Program: | | | | | |
| Lead Hazard Reduction Demonstration Grant Program | 14.905 | MILHD0487-22 | | - | 11,368 |
| Lead Hazard Reduction Demonstration Grant Program | 14.905 | MILNG0007-19 | | - | 2,441,151 |
| Lead Hazard Reduction Demonstration Grant Program | 14.905 | MILHB0682-18 | | - | 1,620,941 |
| Total Lead Hazard Reduction | | | | - | 4,073,460 |
| Direct Programs - LEAD Healthy Home Production | 14.913 | E20220475 | | - | 204,014 |
| Total Department of Housing and Urban Development | | | | 37,394,399 | 62,208,776 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|---------------------------|--------------------------|--|--|----------------------|
| Department of Interior | | | | | |
| Passed through Michigan Department of Natural Resources: | | | | | |
| Historic Preservation Funds Grants-In-Aid - Historic Context Study Latinx Communities | 15.904 | | P21AP11721-00 | \$ - | \$ 15,962 |
| Historic Preservation Fund Grants-In-Aid: African American Civil Rights Preservation Grant | 15.904 | | P18AP00156 | - | <u>341,810</u> |
| Total | | | | - | 357,772 |
| Direct Programs - Save Americas Treasures Grant for the Historic Fort Wayne | 15.929 | P21AP11769-00 | | - | <u>19,300</u> |
| Total Department of Interior | | | | - | 377,072 |
| Department of Justice | | | | | |
| Direct Programs - | | | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding Program | 16.034 | 2020-VD-BX-1675 | | - | 1,251,012 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| Crime Victim Assist - V.O.C.A. 2022 / 2021 | 16.575 | | 2019-V2-GX-0036 | - | 125,932 |
| Crime Victim Assist - V.O.C.A. 2023 / 2022 | 16.575 | | 2019-V2-GX-0036 | - | 430,053 |
| Crime Victim Assist - V.O.C.A. 2023 / 2022 | 16.575 | | 2018-V2-GX0067 | - | <u>110</u> |
| Total Crime Victim Assistance | | | | - | 556,095 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| Violence Against Women Formula Grants - Culturally Specific Underserved 2023 | 16.588 | | N/A | - | 37,819 |
| Violence Against Women Formula Grants - Sexual Assault Services Formula Program-STOP Violence Against Women Formula Grant 2022 | 16.588 | | 2018-WF-AX-0002 | - | <u>16,412</u> |
| Total Violence Against Women Grants | | | | - | 54,231 |
| Direct Programs: | | | | | |
| Public Safety Partnership & Community Policing Grants - 2020 COPS Hiring Program | 16.710 | 2020-UL-WX-0003 | | - | 23,475 |
| Public Safety Partnership & Community Policing Grants - 2021 Community Policing Development Crisis Intervention Teams | 16.710 | 15JCOPS-21-GG-02333-SPPS | | - | <u>45,259</u> |
| Total Public Safety Partnership and Community Policing Grants | | | | - | 68,734 |
| Passed through Wayne County, Michigan - | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program - Wayne County Operation Legend | 16.738 | | 2020-MU-BX-0005 | - | 219,426 |
| Passed through Michigan Department of State Police: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program-FY18 Crime Gun Intelligence Center CGIC | 16.738 | | 2018-DG-BX-0003 | 46,688 | 106,656 |
| 2021 BJA FY21 Smart Policing Initiative | 16.738 | | 15PBJA-21-GG-04384-SMTP | - | 57,554 |
| Justice Assistance Grant (JAG) FY21 | 16.738 | | 15PBJA-21-GG-01577-JAGX | - | 38,174 |
| JAG 2019 | 16.738 | | JAG 2019 DJ-BX-0930 | - | <u>37,787</u> |
| Total Edward Byrne Memorial Justice Assistance Grant | | | | 46,688 | 459,597 |
| Passed through Michigan Department of State Police: | | | | | |
| Congressionally Recommended Awards - FY 2022 Byrne Discretionary Community Project Grant to support Project Clean Slate | 16.753 | | N/A | - | 121,630 |
| Congressionally Recommended Awards - 2022 BJA Byrne Discretionary Community Project Grants Program | 16.753 | | 15PBJA-22-GG-00107-BRND | - | <u>40,120</u> |
| Total Congressionally Recommended Awards | | | | - | 161,750 |
| Direct Programs - Second Chance Asct Reentry Initiative - Innovations in Supervision | 16.812 | 2020-SM-BX-0001 | | - | 305,825 |
| Direct Programs - | | | | | |
| Byrne Criminal Justice Innovation Program - Innovations in Community Based Crime Reduction Grant | 16.817 | 2019-BJ-BX-0005 | | 36,785 | 53,097 |
| Passed through Michigan Department of State Police - | | | | | |
| Byrne Criminal Justice Innovation Program - 2021 BJA FY21 Byrne Criminal Justice Innovation Program | 16.817 | | 15PBJA-21-GG-04107-BCJI | <u>21,111</u> | <u>55,614</u> |
| Total Byrne Criminal Justice Innovation Program | | | | 57,896 | 108,711 |
| Passed through Michigan Department of State Police - | | | | | |
| 2022 BJA FY22 Body-worn Camera Policy and Implementation Program to Support Law Enforcement Agencies | 16.835 | | 15PBJA-22-GG-03326-BWCX | - | 1,641,615 |
| Direct Programs - | | | | | |
| Comprehensive Opioid, Stimulant, and Other Substances Use Program-FY18 Comprehensive Opioid Abuse Site Equitable Sharing Program | 16.838 | 2018-AR-BX-K110 | | 45,510 | 65,250 |
| | 16.922 | | | - | <u>10,301</u> |
| Total Department of Justice | | | | 150,094 | 4,683,121 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|------------------------------|-----------------------|---|--|-------------------------|
| Department of Transportation | | | | | |
| Passed through Michigan Department of Transportation: | | | | | |
| Highway Planning and Construction | 20.205 | | 1901(035) | \$ - | \$ 239,768 |
| Highway Planning and Construction | 20.205 | | 21A0(788) | - | 349,337 |
| Highway Planning and Construction | 20.205 | | FY23 TMC | - | <u>154,963</u> |
| Total Highway Planning and Construction | | | | - | 744,068 |
| Research and Development Cluster - Passed through Michigan Department of Transportation - | | | | | |
| Highway Research Planning and Construction | 20.205 | | 211186NI | - | 754,881 |
| Direct Programs - | | | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - | | | | | |
| HOPE Transportation Access Study | 20.505 | MI-2021-013-00 | | - | 500,061 |
| Passed through the SEMCOG - | | | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - | | | | | |
| SEMCOG United Work Program (UWP)_ Metropolitan Planning Grant | 20.505 | | MI-2020-001 | - | <u>314,304</u> |
| Total | | | | - | 814,365 |
| Federal Transit Cluster: | | | | | |
| Direct Programs - Federal Transit Capital Investment Grant | | | | | |
| | 20.500 | MI-04-0093 | | - | 479,997 |
| Direct Programs: | | | | | |
| Federal Transit Formula Grants | 20.507 | MI-90-X605-05 | | - | 900,209 |
| Federal Transit Formula Grants | 20.507 | MI-2022-044 | | - | 4,171,952 |
| Federal Transit Formula Grants | 20.507 | MI-2016-006-00 | | - | 2,740,216 |
| Federal Transit Formula Grants | 20.507 | MI-90-X605-05 | | - | 1,178,569 |
| Federal Transit Formula Grants | 20.507 | MI-2022-026-00 | | - | 40,856,268 |
| Federal Transit Formula Grants | 20.507 | MI-90-X605-05 | | - | 3,561 |
| COVID-19 Federal Transit Formula Grants | 20.507 | MI-2020-022 | | - | 162,637 |
| Federal Transit Formula Grants | 20.507 | MI-2020-001 | | - | 110,317 |
| Federal Transit Formula Grants | 20.507 | MI-2019-022 | | - | 4,353,537 |
| Passed through United Way for Southeastern Michigan - | | | | | |
| Federal Transit Formula Grants - FY 2022 Community Testing Site Nursing Staff | 20.507 | | MI-2020-022 | - | <u>280,691</u> |
| Total Federal Transit Formula Grants | | | | - | <u>54,757,957</u> |
| Total Federal Transit Cluster | | | | - | 55,237,954 |
| Transit Services Program Cluster: | | | | | |
| Direct Programs - DDOT FY08\10 Sec 5316 MI 37 X041 | | | | | |
| | 20.516 | MI-37-X041-02 | | - | 7,796 |
| Direct Programs: | | | | | |
| New Freedom Program Grant | 20.521 | MI-57-X015 | | - | 18,420 |
| New Freedom Program Grant | 20.521 | MI-57-X015 | | - | <u>185,428</u> |
| Total New Freedom Grants | | | | - | <u>203,848</u> |
| Total Transit Services Program Cluster | | | | - | 211,644 |
| Highway Safety Cluster: | | | | | |
| Passed through Michigan Department of State Police - | | | | | |
| State & Community Highway Safety - Strategic Traffic Enforcement Program 2022 | 20.600 | | PT-21-31 | - | 2,158 |
| Passed through Michigan Department of State Police - Strategic Enforcement - | | | | | |
| State & Community Highway Safety - FY23 Detroit DUI & Seat Belt Overtime Traffic Enforcement | 20.600 | | PT-23-19 | - | <u>22,431</u> |
| Total State & Community Highway Safety | | | | - | 24,589 |
| Passed through Michigan Department of State Police: | | | | | |
| National Priority Safety Programs - Detroit Safe Route OSHP FY22 | 20.616 | | PS-22-02 | - | 47,382 |
| National Priority Safety Programs - Detroit Safe Routes Ambassador Program FY23 | 20.616 | | PB-23-02 | - | 108,910 |
| National Priority Safety Programs: Pedestrian & Bicycle Overtime Enforcement | 20.616 | | PS-22-06 | - | 1,548 |
| Passed through Michigan Department of State Police - Strategic Enforcement | | | | | |
| National Priority Safety Programs - FY 2023 Pedestrian & Bicycle | | | | | |
| Overtime Enforcement Grant | 20.616 | | PS-23-08 | - | <u>2,139</u> |
| Total National Priority Safety Programs | | | | - | <u>159,979</u> |
| Total Highway Safety Cluster | | | | - | <u>184,568</u> |
| Total Department of Transportation | | | | - | 57,947,480 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|---|---------------------------|-----------------------|--|--|----------------------|
| Department of the Treasury | | | | | |
| Direct Programs - | | | | | |
| COVID-19 Emergency Rental Assistance Program (ERAP2) | 21.023 | | | \$ 3,122,468 | \$ 4,252,727 |
| Direct Programs: | | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 11,455,709 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 1,839,133 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 5,526,974 | 5,609,607 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 4,572,353 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 2,584,893 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 3,023,138 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 1,325,172 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 777,091 | 1,345,496 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 1,409,331 | 4,479,534 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 5,907,404 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 690,796 | 1,116,394 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 2,659,918 | 3,631,358 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | - | 25,680,751 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 17,645,036 | 26,181,924 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | | 254,406 | 1,030,193 |
| Passed through Michigan Department of Natural Resources - | | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | | N/A | - | 5,180,263 |
| Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | | | | <u>28,963,552</u> | <u>104,963,322</u> |
| Total Department of the Treasury | | | | 32,086,020 | 109,216,049 |
| National Endowment for the Arts | | | | | |
| Direct Programs - Tactical Preservation | 45.024 | 1888820-42-22 | | - | 5,177 |
| Environmental Protection Agency | | | | | |
| Drinking Water State Revolving Fund (DWSRF) Cluster - | | | | | |
| Passed through the Michigan Department of Environmental Quality: | | | | | |
| Capitalization Grants for Drinking Water-State Revolving Loan | 66.468 | | 7460-01 | - | 398,511 |
| Capitalization Grants for Drinking Water-State Revolving Loan | 66.468 | | 7483-01 | - | 859,454 |
| Capitalization Grants for Drinking Water-State Revolving Loan | 66.468 | | 7484-01 | - | 721,829 |
| Capitalization Grants for Drinking Water-State Revolving Loan | 66.468 | | 7447-01 | - | 3,086,943 |
| Total Drinking Water State Revolving Fund (DWSRF) Cluster | | | | - | 5,066,737 |
| Clean Water State Revolving Fund (CWSRF) Cluster - | | | | | |
| Passed through the Michigan Department of Environmental Quality: | | | | | |
| Capitalization Grants for Clean Water-State Revolving Loan | 66.458 | | 5688-01 | - | 494,915 |
| Capitalization Grants for Clean Water-State Revolving Loan | 66.458 | | 5706-01 | - | 358,544 |
| Total Clean Water State Revolving Fund (CWSRF) Cluster | | | | - | 853,459 |
| Direct Programs: | | | | | |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements - | | | | | |
| Brownfield Redevelopment Program Assessment Grant FY 19 | 66.818 | BF00E02492 | | - | 254,276 |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements - | | | | | |
| Brownfield Piety Hill | 66.818 | 00E02493 | | 34,340 | 38,105 |
| Total Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements | | | | <u>34,340</u> | <u>292,381</u> |
| Total Environmental Protection Agency | | | | 34,340 | 6,212,577 |
| Department of Health and Human Services | | | | | |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| National Bioterrorism Hospital Preparedness Program-Cities Readiness Initiatives 9/2022 | 93.069 | | NU90TP922062 | - | 144,013 |
| National Bioterrorism Hospital Preparedness Program-Cities Readiness Initiatives 9/2022 | 93.069 | | NU90TP922062 | - | 35,319 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| Public Health Emergency Preparedness (PHEP) CRI 10/1 - 6/30 | 93.069 | | NU90TP922062 | - | 245,021 |
| Public Health Emergency Preparedness (PHEP) 10/1 - 6/30 | 93.069 | | NU90TP922062 | - | 78,892 |
| Total Public Health Emergency Preparedness | | | | - | 503,045 |
| Passed through Michigan Department of Health and Human Services - | | | | | |
| COVID-19 Injury Prev & Ctrl Research Comm Based Prog: Overdose Prev Safer Systems of Care 2021 | 93.136 | | E20220673-00 | - | 70,555 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|---|---------------------------|-----------------------|--|--|----------------------|
| Passed through Michigan Department of Health and Human Services: | | | | | |
| Family Planning 2022 | 93.217 | | 252900 | \$ 15,533 | \$ 408,178 |
| Family Planning 2022 | 93.217 | | 252900 | - | 139,468 |
| Total Family Planning Services | | | | 15,533 | 547,646 |
| Direct Programs - Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 1H79SP080337-01 | | 19,210 | 323,424 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| COVID-19 COVID Immunization FY 2023 | 93.268 | | 20230171-00 | - | 1,241,828 |
| CSHCS Vaccine Initiative 9/2023 | 93.268 | | NH23IP922635 | - | 44,010 |
| Immunization Action Plan (IAP) | 93.268 | | NH23IP922635 | - | 189,921 |
| Immunization Action Plan-Pilot | 93.268 | | 20220334-00 | - | 81,057 |
| Immunizations CoAg and Vaccines for Children Program-IAP 2022 | 93.268 | | 20220334-00 | - | 89,668 |
| Immunization Action Plan-Pilot | 93.268 | | NH23IP922635 | - | 77,801 |
| Immunizations CoAg and Vaccines for Children Program-IAP-Vaccination Shipped (in-Kind) 2022 | 93.268 | | N/A | - | 560,088 |
| COVID-19 CDC COVID Immunizations | 93.268 | | 220000 | - | 64,574 |
| Total Immunizations Cooperative Agreements | | | | - | 2,348,947 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| West Nile Virus Community Surveillance | 93.323 | | 251156 | - | 6,267 |
| West Nile Virus Community Surveillance | 93.323 | | 251156 | - | 1,005 |
| ELC CONTACT TRACING ELC Contract Tracing, Case Investigation, Testing Coordination, and Infection Prevention FY 2023 (ELCCT) | 93.323 | | 220000 | - | 724,340 |
| COVID-19 FY22 COVID WRKFORCE DEV (CWD) | 93.323 | | 220000 | - | 249,351 |
| Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | | | | - | 980,963 |
| Passed through Regents of the University of Michigan - | | | | | |
| COVID-19 Community Health Senior Intervention | 93.361 | | R01NR020442-01 | - | 7,305 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| COVID-19 Reducing COVID-19 Related Health Disparities in Detroit | 93.391 | | NH75OT00091-00-01 | 958,706 | 1,860,303 |
| SDOH Planning | 93.931 | | | - | 407 |
| Total activities to support State, tribal, local and Territorial Health Department Response to Public Health or Healthcare Crisis | | | | 958,706 | 1,860,710 |
| Passed through Michigan Department of Health and Human Services - | | | | | |
| Emergency Response Planning | 93.421 | | NU38OT000297 | - | 852 |
| Passed through NACCHO - Leveraging Pharmacies for STI | 93.421 | | 6NU38OT000306-04-01 | - | 11,668 |
| Total Emergency Response Planning | | | | - | 12,520 |
| Direct Programs - AIDS Education and Training Centers - | | | | | |
| HIV Related Training & Technical Assistance - Ending the HIV Epidemic (EHE)-FY2020: RW HIV/AIDS Program A and B | 93.686 | 6 UT8HA33931 02-01 | | 128,518 | 2,377,517 |
| Passed through Michigan Department of Health and Human Services - | | | | | |
| Children's Health Insurance Program (CHIP) 2022 | 93.767 | | E20220474 | - | 502,860 |
| Medicaid Cluster - Passed through Michigan Department of Health and Human Services: | | | | | |
| Medical Assistance Program-Lead Intervention/EBL 9/2022 | 93.778 | | 253002 | - | 16,309 |
| Medical Assistance Program-CSHCS Outreach & Advocacy 9/2022 | 93.778 | | 253001 | - | 93,844 |
| CSHCS Medicaid Elevated Blood Lead Case Mgmt | 93.778 | | 2305MI5MAP | - | 28,547 |
| CSHCS Outreach & Advocacy 9/2023 | 93.778 | | 2305MI5ADM | - | 183,716 |
| Total Medicaid Cluster | | | | - | 322,416 |
| Direct Programs: | | | | | |
| HIV Emergency Support Relief 9/2023 | 93.914 | 6 H89HA00021-31-01 | | 1,733,112 | 2,745,249 |
| HIV Emergency Relief Project Grants 2/2023 | 93.914 | 6 H89hA00021 29-01 | | - | 7,935,654 |
| Total HIV Emergency Supplemental Relief | | | | 1,733,112 | 10,680,903 |
| Passed through Michigan Department of Health and Human Services - | | | | | |
| FY22 HIV STD Testing | 93.917 | | 252280 | - | 87,682 |

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Grant/Contract Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|---|------------------------------|-----------------------|---|--|-------------------------|
| Passed through Michigan Department of Health and Human Services: | | | | | |
| Childhood Lead Poisoning Prevention Program Grant | 93.994 | | B0445223 | \$ - | \$ 73,170 |
| Local Maternal & Child Hlth-Enabling Services Women 9/2023 | 93.994 | | B0447425 | - | 1,035,616 |
| Maternal and Child Health Services (MCHS) Block Grant to the States-Local Maternal & Child Hlth 9/2022 | 93.994 | | 252208 | - | 463,268 |
| Childhood Lead Poisoning Prevention | 93.994 | | B0447425 | - | 32,279 |
| Maternal and Child Health Services (MCHS) Block Grant to the States Lead Poison Prevention (MDCH) 9/2022 | 93.994 | | 252208 | - | 60,103 |
| FY 2023 Childhood Lead Poisoning Prevention Expansion | 93.994 | | 253002 | - | 62,682 |
| Fetal Infant Mortality | 93.994 | | N/A | - | <u>2,622</u> |
| Total Maternal and Child Health Services | | | | - | <u>1,729,740</u> |
| Total Department of Health and Human Services | | | | 2,855,079 | 22,356,233 |
| Department of Homeland Security | | | | | |
| Passed through Michigan State Police: Emergency Management Homeland Security Division - COVID-19 Disaster Grants - Public Assistance (PA) | | | | | |
| | 97.036 | | PA-05-MI-4494_PW-00153(90) | - | 240,215 |
| Passed through Michigan Department of Health and Human Services: | | | | | |
| COVID-19 Disaster Grants - Public Assistance (PA): Fund 4503 | 97.036 | | N/A | - | 1,392,371 |
| Disaster Grants - Public Assistance (PA) | 97.036 | | N/A | - | 634,392 |
| COVID-19 Disaster Grants - Public Assistance | 97.036 | | NH23IP922635 | - | <u>269,928</u> |
| Total Disaster Grants - Public Assistance | | | | - | 2,536,906 |
| Passed through Michigan State Police - Emergency Performance Management Grant (EMPG) | 97.042 | | N/A | - | 30,248 |
| Direct Programs - Assistance to Fire Fighter Grant - Fire Prevention and Safety | 97.044 | EMW-2020-FP-01033 | | - | 98,793 |
| Direct Programs - 2018 Port Security Grant Program (PSGP) | 97.056 | EMW-2018-PU-00308-S01 | | - | 167,449 |
| Passed through Macomb County, Michigan: | | | | | |
| Operation Stone Garden - FY21 | 97.067 | | EMW-2019-SS-00021-S01 | - | 17,690 |
| 2020 Homeland Security Grant Program | 97.067 | | EMW-2020-SS-00042 | 137,500 | 373,983 |
| 2019 Homeland Security Grant Program | 97.067 | | EMW-2019-SS-00042 | - | 235,122 |
| Passed through Michigan Department of State Police - | | | | | |
| 2021 Homeland Security Grant Program and Operation Stone Garden | 97.067 | | EMW-2021-SS-00011-S01 | <u>105,000</u> | <u>226,120</u> |
| Total Homeland Security Program | | | | <u>242,500</u> | <u>852,915</u> |
| Total Department of Homeland Security | | | | 242,500 | 3,686,311 |
| Total Federal Awards | | | | \$ 76,095,057 | \$ 271,722,672 |

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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, 2023. 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, Greater Detroit Resource Recovery, 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.

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, and ALN 66.458, Capitalization Grants for Clean Water State Revolving Funds (CWSRF) program. The DWSRF and CWSRF expenditures are reported on a 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.

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 \$21.7 million at June 30, 2023. There were no new borrowings for the year ended June 30, 2023.

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 \$65.5 million for the year ended June 30, 2023.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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

Included in the Schedule for the year ended June 30, 2023 is \$2,026,763 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 2023 Compliance Supplement.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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? Yes X 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 |
| 14.905 | Lead Hazard Reduction Demonstration Grant Program | Unmodified |
| 20.500 and 20.507 | 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 |

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, 2023

Section II - Financial Statement Audit Findings

| Reference Number | Finding |
|------------------|---|
| 2023-001 | <p data-bbox="362 531 773 556">Finding Type - Material weakness</p> <p data-bbox="362 581 1479 695">Criteria - The City should have a process and controls in place to ensure proper financial reporting, which includes proper recording of all journal entries, general ledger balances, and note disclosures, in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit.</p> <p data-bbox="362 720 1479 808">Condition - There were several significant adjustments to the general ledger during the audit process as a result of certain underlying financial records not being reconciled and closed in a timely manner.</p> <p data-bbox="362 833 477 858">Context -</p> <p data-bbox="362 884 469 909"><i>The City</i></p> <p data-bbox="362 934 1479 991">There were five adjusting journal entries over \$5 million that were proposed by the auditors and posted by the City in order to ensure the financial statements were not misstated.</p> <p data-bbox="362 1016 1479 1161">Proposed adjusting journal entries were identified during the audit of the City impacting several opinion units. The most significant adjustments included entries to increase contingent liabilities specifically related to the legal case reserve; increase intergovernmental revenue related to certain grant activity; and make adjustments to properly record activity of the Detroit Building Authority in the Capital Projects Fund.</p> <p data-bbox="362 1186 1479 1274">In addition to the significant proposed adjusting journal entries described above, there were other proposed adjusting journal entries that were immaterial, both individually and in the aggregate, to the financial statements taken as a whole.</p> <p data-bbox="362 1299 1479 1413">Deficiencies noted that were not related to proposed adjusting journal entries include controls surrounding investigation into general ledger balances that may result in an adjustment upon further review but were deemed to be materially correct in relation to the financial statements taken as a whole.</p> <p data-bbox="362 1438 586 1463">Component Units</p> <p data-bbox="362 1488 1479 1633">Detroit Transportation Corporation (DTC) had a lack of timely reconciliations and a significant number of adjustments related to the following balances: lack of timely reconciliations related to cash and investments, prepaids, and FTA grant activity, as well as adjustments to accounts payable and other liabilities. In addition, drawdowns for FTA federal portion and state portion were not made timely, and errors existed in classification of certain account balances.</p> <p data-bbox="362 1659 1479 1715">Detroit Public Library (DPL) had material adjustments for the proper recognition of leases, subscription-based information technology arrangements, and accounts payable.</p> <p data-bbox="362 1740 1474 1766">Detroit Employment Solutions Corporation (DESC) had material auditor-identified adjustments.</p> <p data-bbox="362 1791 1479 1879">Cause - Processes and controls were not in place to ensure that coordination and involvement of several departments occurred such that year-end closing entries for certain significant activities and balances were properly recorded in the general ledger timely.</p> <p data-bbox="362 1904 1479 1961">Effect - If the auditor-identified entries identified above had not been recorded, the financial statements would have been materially misstated.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section II - Financial Statement Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|---|
| 2023-001 (Continued) | <p>Recommendation - The City, as well as its agencies and component units, should continue to work with all departments to ensure a process and controls are implemented to accurately reconcile and record all journal entries prior to the start of the audit. Significant areas that resulted in delays in finalizing the adjustments for closing the City's ledger, as well as contributed to proposed adjusting journal entries, include federal and state grant activity, contingent liabilities, and Detroit Building Authority blending adjustments. The lack of a process for ensuring these activities are timely reflected in the City's financial reporting could result in material misstatement and the inability of management to monitor significant activity that may be subject to regulation and require additional monitoring to ensure compliance. A more effective review of the recording of this activity throughout the year and during the close process would assist in more timely identifying and correcting potential errors.</p> <p>Views of Responsible Officials and Planned Corrective Actions - In fiscal year 2023, 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 2022 fiscal year audit findings, some remain in progress through the project plan. The City will add the 2023 fiscal year audit findings to this project to ensure policies, procedures, and training are in place in fiscal year 2024.</p> <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>The City's component unit, Detroit Transportation Corporation, has implemented a new role in the accounting department to accommodate the department's workload. DTC will ensure staff is properly trained. DTC will also perform grant and general ledger reconciliations throughout the fiscal year.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section II - Financial Statement Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-002 | <p>Finding Type - Material weakness</p> <p>Criteria - The City is responsible for ensuring proper internal controls exist to prevent misappropriation of assets, including establishing proper bank-level controls that would require two authorized users to initiate and release payments from banking or securities accounts.</p> <p>Condition - The City's blended component unit, the Public Lighting Authority (PLA) did not establish bank-level dual-authorization requirements over the initiation and release of disbursements from certain bank and securities accounts. Due to a lack of dual authorization requirements, a cybersecurity incident resulted in the release of a fraudulent payment by the Public Lighting Authority.</p> <p>Context - During the year, the City's blended component unit, the Public Lighting Authority, established a new securities account with a financial institution. The PLA did not ensure the existence of bank-level controls requiring that the actions to initiate and release payments require separate individuals.</p> <p>As a result, in April 2023, through the PLA's month-end review and reconciliation process, the PLA discovered that its financial institution had transferred \$8,748,650 of the PLA's funds based upon instructions from a third party impersonating an authorized signer over its securities account, of which \$4,717,088 has been recovered to date.</p> <p>Additionally, the City performed a review of its controls with all of its significant financial institutions and identified and removed the ability of an individual authorized signer appearing in person at a bank location to initiate a disbursement without a secondary approval for certain nonprimary and immaterial bank accounts.</p> <p>Cause - For a new securities account and certain nonprimary and immaterial bank accounts, the City's blended component unit and the City did not have segregation of duties requiring secondary approval for the actions to initiate and release cash disbursements.</p> <p>Effect - In addition to the material misappropriation of assets at PLA during the year, the lack of appropriate bank-level authorizations could have resulted in additional material misappropriations of assets that were not prevented.</p> <p>Recommendation - While the City's blended component unit and the City have subsequently reviewed and remedied the access rights at its major financial institutions, the City should ensure that its ongoing processes and controls include periodic access right reviews, along with ensuring appropriate access rights are established upon creation of new accounts or relationships to ensure each major bank is limited in making external transfers unless two authorized signers approve of the transaction.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City's blended component unit, the Public Lighting Authority, will continue to work with its IT support team to increase cybersecurity in its operations. This will include the rollout of multifactor authentication, an email defense application, and other security and data integrity measures recommended by IT consultants.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings

| Reference Number | Finding |
|------------------|--|
| 2023-003 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 10.557, Department of Agriculture, Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</p> <p>Federal Award Identification Number and Year - 213MI013W5003, 212MI003W1003, program years 2022 and 2023</p> <p>Pass-through Entity - Michigan Department of Health and Human Services</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - Yes</p> <p>2022-006</p> <p>Criteria - 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>Condition - The City 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>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The City entered into an 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 through May 2023.</p> <p>Cause and Effect - 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>Recommendation - We recommend the City develop oversight procedures to review the work completed by contractors, which pertains to compliance requirements and programmatic decisions, in this case, participant eligibility determination.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|---|
| 2023-003 (Continued) | Views of Responsible Officials and Planned Corrective Actions - The City has implemented controls to ensure that the Health Department provides oversight over the contractors. A new contract was in place in May, and the Health Department hired a WIC program director to monitor participant eligibility compliance and ensure policies and procedures are maintained and followed. |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-004 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 10.557, Department of Agriculture, Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</p> <p>Federal Award Identification Number and Year - 213MI013W5003, 212MI003W1003, program years 2022 and 2023</p> <p>Pass-through Entity - Michigan Department of Health and Human Services</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Per 2 CFR 200.344(b), unless the federal awarding agency or pass-through entity authorizes an extension, a nonfederal entity must liquidate all financial obligations incurred under the federal award no later than 120 calendar days after the end of the period of performance, as specified in the terms and conditions of the federal award. However, as outlined within the grant award from the Michigan Department of Health and Human Services and more restrictive than 2 CFR 200.344(b), the City must liquidate within 60 days after the State's fiscal year end any unpaid year-end commitments and obligations. Any obligation remaining unliquidated after 60 days from the end of the period shall revert to the State for disposition in accordance with applicable state and/or federal requirements, except as specifically authorized in writing by the department.</p> <p>Condition - The City did not have adequate controls in place to ensure obligations were liquidated (paid) within the required 60 days.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Refer to context below.</p> <p>Context - Testing revealed 3 invoices out of 25 were liquidated after the required 60 days for the performance period ended September 30, 2022. Based on email communication received by the City from the Michigan Department of Health and Human Services, the department granted the City retroactive approval to allow for the expenses despite being liquidated after the 60-day period. As a result, no questioned costs are reported.</p> <p>Cause and Effect - Failure to comply with the terms and conditions of the grant agreement, including the liquidation provisions, may result in disallowed costs and the need to repay the funder for such costs.</p> <p>Recommendation - We recommend the City ensure controls are in place to comply with liquidation requirements outlined in the award agreements and/or Uniform Guidance issued by OMB (whichever is more restrictive).</p> <p>Views of Responsible Officials and Planned Corrective Actions - The OCFO will work with the Health Department to implement additional controls to ensure all subrecipients and contractors submit invoices timely and that they are reviewed, approved, and processed for payment prior to the 60-day liquidation requirement period.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|---|
| 2023-005 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 20.507, Department of Transportation, Federal Transit Cluster - Federal Transit Formula Grants</p> <p>Federal Award Identification Number and Year - MI-2022-026-00, program year 2022</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - 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>Condition - The City did not have adequate controls in place to ensure payroll costs charged to the program were accurate in relation to underlying payroll records.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Refer to context below.</p> <p>Context - Testing revealed approximately \$141,000 in credit adjustments was incorrectly excluded from a \$14,419,000 adjusting journal entry to increase payroll costs charged to the program during the fiscal period under audit.</p> <p>The pool of gross payroll costs identified by the City for allocation to the grant under the final adjusting journal entry, which includes the costs described in the preceding paragraph, totaled approximately \$20,932,000. However, the City only allocated approximately \$18,620,000 of these gross payroll costs to the grant to align with the budgeted use of the funds for the fiscal period. The City in essence had \$20,791,000 of eligible expenses, after accounting for the approximately \$141,000 of credit adjustments, to expend the remaining \$14,419,000 award amount. The City did not specifically identify which transactions within the payroll cost population were not ultimately allocated to the program. After identifying approximately \$4,201,000 of payroll already charged to the program through the City’s usual biweekly payroll process, the City’s internal control procedures did not include a verification process to ensure that the payroll records used to develop the \$14,419,000 adjusting entry to true up payroll costs agreed to underlying payroll records. Given that the City did not need to allocate the entire \$20,932,000, the \$141,000 overstatement is not considered questioned costs, as there was approximately \$2,300,000 of eligible costs not allocated.</p> <p>Cause and Effect - The lack of controls surrounding the payroll adjustment resulted in payroll costs that were overstated in relation to the underlying payroll register. The lack of controls could result in disallowed costs.</p> <p>Recommendation - We recommend the City ensure controls are in place to verify the accuracy and completeness of amounts charged to the grant against supporting documentation and underlying records.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|---|
| 2023-005 (Continued) | Views of Responsible Officials and Planned Corrective Actions - The City will ensure the required controls are in place to help ensure accurate payroll costs are charged to the program and completeness of the supporting documentation. |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|---|
| 2023-006 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 21.027, Department the of the Treasury, COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)</p> <p>Federal Award Identification Number and Year - N/A</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - 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>Condition - The payroll costs that were reported as incurred on four CSLFRF projects were incorrect in the performance report submitted for the period from October 1, 2022 through December 31, 2022 (Quarter 4).</p> <p>Questioned Costs - N/A</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - In our sample of two performance reports selected for testing, we noted one instance where certain information reported did not agree to the general ledger and underlying records.</p> <p>Cause and Effect - The City’s controls were not adequate to ensure that underlying data for reports was consistently accumulated. The payroll data for the report submitted for the period from July 1, 2022 through September 30, 2022 (Quarter 3) was accumulated from the payroll system and appropriately reflected the payroll costs. The general ledger at the time did not yet fully reflect transactions due to timing. For Quarter 4, the City accumulated the payroll costs based on the general ledger, and, as a result, certain costs reported in Quarter 3 were reported again in the Quarter 4. The Quarter 4 report was overstated by \$21,670.</p> <p>Recommendation - We recommend the City implement a process to ensure that reports are completed based on a consistent methodology and a detail review be performed to ensure accuracy.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will implement additional controls to ensure that the quarterly Treasury reports align with the expenses stated on the general ledger.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-007 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 14.241, Department of Department of Housing and Urban Development, Housing Opportunities for Persons With AIDS (HOPWA) and COVID-19 HOPWA</p> <p>Federal Award Identification Number and Year - MIH20-FHW001, MIH20-F001, MIH21-F001, MIH22-F001</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - Yes</p> <p>2022-007</p> <p>Criteria - 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 the 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>Condition - In conjunction with eligibility testing, instances of noncompliance specific to the rental assistance calculation and distribution of benefits were identified.</p> <p>Questioned Costs - \$3,022</p> <p>Identification of How Questioned Costs Were Computed - Questioned costs reflect the gross overpayments. See context below for instances of benefits being overpaid.</p> <p>Context - During eligibility testing of a sample of 60, we noted the following:</p> <ul style="list-style-type: none"> • A lack of effective supervisory review of the annual certification process and calculation of benefits resulted in one instance of benefits being overpaid by \$176 and four instances of benefits being underpaid by \$221 based on income and family size. • A lack of effective supervisory review over the distribution of benefits throughout the benefit agreement period resulted in two instances of an overpayment of benefits by \$2,846 and one instances of an underpayment of benefits by \$10. <p>Cause and Effect - 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, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|---|
| 2023-007 (Continued) | <p>Recommendation - We recommend the City review its procedures and controls specific to the calculation and distribution 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 benefit agreements and communicating the same to the participant.</p> <p>Views of Responsible Officials and Planned Corrective Actions - City of Detroit HOPWA program has a dedicated quality coordinator position. The coordinator will continue to work closely with the HOPWA program team and conduct regular file audits. The HOPWA program team has also implemented additional steps, including the use of eligibility templates to help ensure accurate rental assistance calculations.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-008 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 14.241, Department of Department of Housing and Urban Development, Housing Opportunities for Persons With AIDS (HOPWA) and COVID-19 HOPWA</p> <p>Federal Award Identification Number and Year - MIH20-FHW001, MIH20-F001, MIH21-F001, MIH22-F001</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Under OMB Number 2506-40110-C, on an annual basis, HOPWA formula grantees are required to submit a Consolidated Annual Performance and Evaluation Report (CAPER) demonstrating essential information on grant activities, project sponsors, housing sites, units and households, and beneficiaries. Per 2 CFR 200.302(b), the nonfederal entity must maintain a financial management system that provides records that identify adequately the source and application of funds for federally funded activities.</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 the 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>Condition - The controls in place were not adequate to ensure that amounts reported within the CAPER were accurate and complete in relation to activity reported in the general ledger and underlying records of the City.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Management has a process in place to compile beneficiary headcounts, rental assistance, and other costs for reporting within the CAPER; however, management did not maintain the underlying records to support the amounts and expenditures reported in the CAPER submitted for program year ended June 30, 2023. Where we were able to perform procedures to reconcile to the beneficiary headcount, we identified approximately \$3.9 million of expenditures reported within the CAPER was understated by approximately \$300,000 in relation to the amounts reported in the general ledger.</p> <p>Cause and Effect - Not maintaining the underlying records and supporting documentation may lead to inaccurate information being reported to the funder and could perhaps inappropriately influence subsequent decisions.</p> <p>Recommendation - We recommend the City implement a system of internal controls to ensure that records used in reporting information to the funding agency are retained in support of the amounts and that supervisory review over those inputs are in place. Additionally, we recommend the City reconcile the books and records timely to ensure accurate and complete reporting of program activity.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|---|
| 2023-008 (Continued) | Views of Responsible Officials and Planned Corrective Actions - The City will review its current process and implement additional reporting controls, including verification of expenditures, retention of supporting documentation, and a timely final reconciliation of the CAPER to the general ledger. |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-009 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 93.914, Department of Health and Human Services, HIV Emergency Relief Project Grants</p> <p>Federal Award Identification Number and Year - 6 H89HA00021-31-01, 6 H89hA00021 29-01</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - Per 45 CFR 75.303(a), a 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>Condition - The City did not provide a formal report on monitoring performed for 3 of its subrecipients.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - In the case of 3 out of the City's 14 subrecipients that received funding under the above-mentioned award, the City's communication to the subrecipients related to the results of the monitoring was significantly delayed. Communication was sent approximately one year subsequent to the monitoring procedures. Based on the reports, there were no matters noted requiring a corrective action plan from the subrecipients. The reports also did not reveal any questioned costs.</p> <p>Cause and Effect - There were no controls in place to ensure monitoring results were communicated timely to subrecipients subsequent to a staff member's departure. The lack of timely communication could result in delayed corrective action and possible disallowance of costs.</p> <p>Recommendation - We recommend the City review its controls to ensure the entire cycle of monitoring, from the planning phase to the close-out phase, is completed in a timely manner.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will review its subrecipient monitoring policy and implement additional controls to ensure an end-to-end monitoring process is in place that includes timely communication of the reports.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|---|
| 2023-010 | <p>Assistance Listing Number, Federal Agency, and Program Name - 14.218, Department of Housing and Urban Development, CDBG Entitlement Grants Cluster - Community Development Block Grant/Entitlement Grants (CDBG)</p> <p>14.241, Department of Housing and Urban Development, Housing Opportunities for Persons With Aids (HOPWA)</p> <p>14.905, Department of Housing and Urban Development, Lead Hazard Reduction Demonstration Grant Program (Lead)</p> <p>Federal Award Identification Number and Year -</p> <p>CDBG - B-22-MC-26-0006</p> <p>HOPWA - MIH22F001</p> <p>Lead - MILNG0007-19, and MILHB0682-18</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - Per 2 CFR 200.303(a), nonfederal entities 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>Per 2 CFR 200.403(g), costs must be adequately documented.</p> <p>Condition - The City duplicated costs charged to certain grants.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Refer to context below</p> <p>Context - In conjunction with the year-end close process, the City manually reviews invoices received subsequent to year end and identifies amounts to be accrued. These amounts are accrued via manual journal entries posted to period 13. As this is a period 13 entry, the amounts automatically reverse in the new year. During this process, the City duplicated costs to be accrued in the amount of \$12,300 under ALN 14.218 (CDBG), \$327,709 under ALN 14.241 (HOPWA), and \$235,911 under ALN 14.905 (Lead). Despite being accrued, the City did not request reimbursement for these costs, as reimbursement is only requested after expenses are paid. Upon identification of the error, the City reduced the amounts reported on the schedule of expenditures of federal awards (SEFA) by the amounts noted above.</p> <p>Cause and Effect - The City's control regarding the year-end close process did not identify that certain costs accrued were duplicated. As a result, the initial SEFA provided to the auditors was overstated by these costs. The City excluded the duplicate costs from the final SEFA.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|--|
| 2023-010 (Continued) | <p>Recommendation - We recommend the City review its processes and controls to ensure that the preparation and review of journal entries to accrue for costs include a review for duplicate costs.</p> <p>Views of Responsible Officials and Corrective Action Plan - The City will review its journal entry controls and processes to help ensure journal entries are posted accurately and implement a review for duplicate costs.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|--|
| 2023-011 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 14.905, United States Department of Housing and Urban Development, Lead Hazard Reduction Demonstration Grant Program</p> <p>Federal Award Identification Number and Year - MILHD0487-22, MILNG00007-19, MILHB0682-18, program years 2022, 2019, and 2018</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - 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>Additionally, per 2 CFR 200.303(b), the nonfederal entity must comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal award.</p> <p>Condition - Certain controls in place did not operate effectively specific to eligibility, earmarking, and reporting compliance requirements.</p> <p>Certain controls in place were not effective either because of design flaws or due to the lack of fully implemented controls. Our testing revealed that control design flaws existed and certain controls did not operate effectively during the fiscal year.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Controls must be designed effectively in order to be effective. The controls in place for eligibility and earmarking were not designed effectively. For the year ended June 30, 2023, the controls were neither designed to ensure supervisory review and approval of applicants’ eligibility nor designed to ensure at least 90 percent of the total number of owner-occupied units assisted have a child occupant under six years of age.</p> <p>Additionally, controls did not operate effectively to ensure that performance reports submitted agreed to underlying records and/or supporting documentation. For one of the three reports selected for testing, the City overstated the number of units that received evaluations based on the underlying support. The report indicated 19 units received evaluations, while the underlying support showed 10 units.</p> <p>Cause and Effect - Without adequate controls in place over eligibility determinations and earmarking, ineligible participants could receive program benefits or the City could exceed the 10 percent allowance to provide support for applicants who do not have a child under the age of six, resulting in disallowed costs. Inadequate controls in place over reporting could result in noncompliance with the terms and conditions of the award and could lead to inappropriate decision-making.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|-------------------------|--|
| 2023-011 (Continued) | <p>Recommendation - We recommend the City maintain on file all terms and conditions outlined by the funding agency. Additionally, we recommend the City review the controls in place for the Lead Hazard Reduction Demonstration Grant Program to ensure that controls are designed effectively and implemented to address the risks of noncompliance identified by the City.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will review its processes and implement additional controls and the required review of eligibility approval is in place and all supporting documentation is stored and maintained.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|------------------|---|
| 2023-012 | <p>Assistance Listing Number, Federal Agency, and Program Name - ALN 14.218, Department of Housing and Urban Development, CDBG Entitlement Grants Cluster - Community Development Block Grants Cluster</p> <p>Federal Award Identification Number and Year - B-22-MC-26-0006, B-21-MC-26-0006, B-20-MW-26-006</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - Yes, 2022-014</p> <p>Criteria - 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>Condition - During reporting testing, we noted that the City did not file one FFATA report, and there were five untimely submissions.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - The City obligated several subawards throughout the year ended June 30, 2023, 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 |
|--------------------------------------|-----------------------|-------------------|---------------------------|-------------------------------|
| 17 | 1 | 5 | 0 | 0 |
| Dollar Amount of Tested Transactions | Subaward Not Reported | Report Not Timely | Subaward Amount Incorrect | Subaward Missing Key Elements |
| \$3,878,538 | \$340,282 | \$2,536,128 | \$0 | \$0 |

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

Section III - Federal Program Audit Findings (Continued)

| Reference Number | Finding |
|---------------------|--|
| 2023-012 (cont.) | <p>Cause and Effect - The City's processes did not properly identify the FFATA filing requirements resulting in a lack of filing and delay in filing reports.</p> <p>Recommendation - We recommend the City implement adequate controls to ensure compliance with FFATA reporting requirements.</p> <p>Views of Responsible Officials and Corrective Action Plan - The City will review its current FFATA processes and implement additional controls to ensure timely and accurate filings and compliance with reporting requirements.</p> |