



# Genesee Health System

Single Audit Act Compliance  
Year Ended September 30, 2020

# **Genesee Health System**

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Single Audit Act Compliance  
Year Ended September 30, 2020

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Genesee Health System  
Flint, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Genesee Health System (the Authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 1, 2021.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Genesee Health System’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

BDO USA, LLP

June 1, 2021



Tel: 269-382-0170  
Fax: 269-345-1666  
www.bdo.com

211 E. Water Street, Suite 300  
Kalamazoo, MI 49007

## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Directors  
Genesee Health System  
Flint, Michigan

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

We have audited Genesee Health System’s (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Genesee Health System’s major federal programs for the year ended September 30, 2020. Genesee Health System’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

#### ***Management’s Responsibility***

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

#### ***Auditor’s Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Genesee Health System’s compliance.

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

In our opinion, the Genesee Health system complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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

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

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

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

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

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

We have audited the financial statements of Genesee Health System as of and for the year ended September 30, 2020, and have issued our report thereon dated June 1, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

June 1, 2021



# Genesee Health System

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

*Year ended September 30, 2020*

Federal Grantor/Pass-Through Grantor/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Passed through Health Resources and Services Administration:				
Health Center Cluster:				
Health Center Program:	93.224	H80CS25709	\$ -	\$ 2,002,363
COVID-19 - Health Center Coronavirus Aid, Relief, and Economic Security Act Funding (CARES)	93.224	H8DC835558	-	350,465
Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8ECS37680	-	61,947
COVID-19 - Coronavirus Supplement Funding for Health Centers	93.224	H8CCS34187	-	53,652
<b>Total Health Center Cluster</b>			-	<b>2,468,427</b>
Passed through Michigan Department of Health and Human Services:				
Medicaid Cluster:				
Medical Assistance Program:				
OBRA - PASSAR	93.778	2005MI5ADM	-	303,223
<b>Total Medicaid Cluster</b>			-	<b>303,223</b>
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	-	17,052
Assistant Outpatient Treatment	93.997	N/A	-	23,291
Passed through Michigan Department of Health and Human Services:				
Block Grants for Prevention & Treatment of Substance Abuse:				
Infant and Early Childhood Mental Health Services	93.959	B08TI083032	-	66,394
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	H79FG000302	-	104,777
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32550	-	6,486
Children's Health Insurance Program	93.767	1905MI5021	-	449,756
Passed through Greater Flint Health Coalition:				
Community Mental Health Access and Rural Transformation (CHART) Model:				
The State Innovation Model - SIM				
Genesee Community Health Innovation Region	93.624	E20191165	-	35,028
Community Health Innovation Region Mobile Unit	93.624	E20191165	-	45,488
			-	<b>80,516</b>
Passed through Michigan State University:				
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children:				
Flint Lead Exposure Registry	93.197	NUE2EH001376	-	77,251
CDC Genesee Health System NCE Subcontract	93.197	NUE2EH001376	-	6,075
			-	<b>83,326</b>

# Genesee Health System

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

*Year ended December 31, 2020*

Federal Grantor/Pass-Through Grantor/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>Block Grants for Community Mental Health Services:</b>				
Passed through Michigan Department of Health and Human Services:				
Mental Health and Juvenile Justice Screening Expansion	93.958	B09SM010026	\$ -	\$ 69,004
Passed through Region 10 PIHP: Veterans Navigator	93.958	B09SM010026	-	81,415
			-	150,419
<b>Total U.S. Department of Health and Human Services</b>			-	3,753,667
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Metro Community Development:				
Continuum of Care Program:				
Operation Lease Up	14.267	MI0149L5F05170810	-	340,741
Rapid Rehousing	14.267	MI0447L5F05170804	-	256,497
<b>Total U.S. Department of Housing and Urban Development</b>			-	597,238
<b>U.S. Department of Treasury</b>				
Passed through Michigan Department of Health and Human Services:				
COVID-19 - Coronavirus Relief Fund - Coronavirus (COVID-19) CMHSP	21.019	N/A	-	206,292
<b>Total U.S. Department of Treasury</b>			-	206,292
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 4,557,197

*See notes to schedule of expenditures of federal awards.*

# Genesee Health System

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Genesee Health System (the Authority) under programs of the federal government for the year ended September 30, 2020. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Sub-Recipient Agencies

The Authority did not expend any federal awards through subrecipients in the current year.

### 5. Reconciliation to Financial Statements

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Federal Grants	\$	4,578,506
Less: Provider Relief Funds (not reported on SEFA for years ending prior to December 31, 2020)		(21,309)
<b>SEFA Expenditures</b>	<b>\$</b>	<b>4,557,197</b>

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# Genesee Health System

## Schedule of Findings and Questioned Costs Year Ended September 30, 2020

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### Section 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

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

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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

Unmodified

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

Yes  No

Identification of major federal programs:

Federal CFDA Number	Name of Federal Program or Cluster
93.224	Health Center Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

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### Section 2. Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards.

### Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards as defined in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance* that are required to be reported.

## Summary Schedule of Prior Audit Findings

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### Status of Prior Year Findings

**Questioned Program:** - Continuum of Care Program (CFDA #14.267); U.S. Department of Housing and Urban Development; Passed through the Metro Community Development and Michigan Department of Health and Human Services; Project numbers MI0149L5F051709, MI0447L5F05170804, and MI0155L5F051710.

### 2019-001- Special Tests and Provisions

#### Prior Year Finding:

Genesee Health System negotiates the rent paid for housing units used in the Continuum of Care Program. Although the program manages to stay under the HUD-published fair market rent (FMR) rates, Genesee Health System did not comply with federal requirements that require three comparable units to be priced out and documented in the file to meet the rent reasonableness test for the area. During our testing over lease agreements, we noted the following exceptions:

- Nine of ten instances of reviewing lease agreements where support for comparison of rental amounts with comparative rates were not provided.

#### Current Year Status:

This finding has been corrected in the current year.