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STATE OF MICHIGAN
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

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April 17, 2017

Ms. Elaine Wood, Director
Northwest Michigan Council of Governments
600 E. Front St. Suite 104
P.O. Box 506
Traverse City, MI 49685-0506

Dear Ms. Wood:

Thank you for the cooperation extended to my staff during the 2017 Cycle I on-site monitoring review conducted March 13 – 17, 2017. The review included the following topics:

- I. Allowable Cost, Cost Allocation, and Cost Classification.
- II. Single Audit, Single Audit Resolution, and Debt Collection.
- III. Budgeting Systems and Internal Controls.
- IV. Financial Reporting.

The review was less comprehensive in scope than those conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS). Accordingly, subsequent reviews conducted in accordance with GAGAS may disclose deficiencies and/or unallowable costs not identified during this review.

The enclosed report identifies the administrative recommendation resulting from the on-site review. No findings were identified during the on-site review. No response is required.

If you have any questions, please contact Mr. Joshua Finch at 517-241-0466 or finchj1@michigan.gov.

Sincerely,

(SIGNED)

Matthew Shilling
Administrative Manager

MS:JF:cjb

Enclosure

cc: Gary Fedus, Chair, Workforce Development Board
Chris Christensen, Commissioner, Charlevoix County

**NORTHWEST MICHIGAN COUNCIL OF GOVERNMENTS
2017 CYCLE I MONITORING REPORT**

Summary of Topics Monitored

- I. Allowable Cost, Cost Allocation, and Cost Classification – The purpose of the review was to evaluate the Entity’s system to ensure it was incurring necessary and reasonable costs and only charged allowable and allocable costs to the grant, including allocating costs to the extent a benefit was received. *[2 CFR Part 200; 48 CFR Part 31]*
- II. Audit, Audit Resolution, and Debt Collection – The review was designed to determine whether the Entity’s audit tracking and resolution process, including debt collection, were adequate to ensure compliance with federal grant requirements. *[2 CFR Part 200.501 & .345]*
- III. Budgeting Systems and Internal Controls – The purpose of the review was to evaluate the Entity’s method for tracking planned expenditures to allow it to compare actual expenditures or outlays to planned or estimated expenditures. In addition, the review evaluated the internal controls the Entity has for effective control and accountability of all grant and subrecipient cash, real property, personal property, and other assets. *[2 CFR Part 200.302, .303 & .308]*
- IV. Financial Reporting – The purpose of the review was to determine whether the Entity has an accounting system that allows it to maintain accurate and complete disclosure of the financial results of its grant activities and those of its subrecipients according to the financial reporting requirements of the grant. *[2 CFR Part 200.302]*

Administrative Recommendation

The administrative recommendation stated is not a compliance concern at this time, but an area the agency may wish to consider for the improvement of its systems and/or procedures.

Administrative Recommendation – Written Policy (Topic I): The Michigan Works! Agency's (MWA's) Cost Allocation Plan references 2 Code of Federal Regulations (CFR) Part 225, an outdated regulation. It is recommended the MWA review and update all policies and procedures to ensure compliance with 2 CFR Part 200, The Workforce Innovation and Opportunity Act, and all applicable Policy Issuances.