BLUE WATER COMMUNITY ACTION

SUPPLEMENTARY INFORMATION TO
FINANCIAL STATEMENTS

(FEDERAL AWARDS)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

BLUE WATER COMMUNITY ACTION

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Blue Water Community Action
Port Huron, Michigan

We have audited the financial statements of Blue Water Community Action (the "Agency") (a nonprofit organization) as of and for the year ended September 30, 2023 and have issued our report thereon dated February 27, 2024, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The accompanying schedule of transportation expenses is presented for purposes of additional analysis as required by the Blue Water Area Transportation Commission and is also 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

UHY LLP

Port Huron, Michigan
February 27, 2024

BLUE WATER COMMUNITY ACTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title Grant Number	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Michigan Department of Education:			
Child and Adult Care Food Program -	10.558		
Meal Reimbursement		231920	$ 139,697
Cash-in-Lieu of Commodities		232010	5,820
			145,517
Passed Through the Human Development Commission:			
Food Distribution Cluster -			
Commodity Supplemental Food Program	10.565	N/A	6,644
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**152,161**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Michigan State Housing Development Authority:			
Housing Counseling Assistance Program	14.169	HUD - 2022 - Blue Water C - 00001	71,522
Emergency Solutions Grant -	14.231		
COVID-19 - Emergency Solution Grant - CARES		HM L- 2020 - Blue Wat - 270 - C19	158,886
Home Investment Partnerships Program -	14.239		
HALO Homeless Prevention Program		HML-2023-270-HPP	26,564
			256,972
Housing Voucher Cluster -			
Section 8 Housing Choice Vouchers	14.871	HML-2021-Blue Wat-270-EHV	8,018
Passed Through the Michigan Department of Health and Human Services:			
Continuum of Care Program -	14.267		
Permanent Supportive Housing Dedicated Plus		E20230741-00	36,880
Permanent Supportive Housing Statewide Leasing		E20230744-00	36,274
Consolidated Rapid Re-Housing		E20230743-00	34,192
			107,346
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**372,336**
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Blue Water Area Transportation Commission:			
Formula Grants for Rural Areas -	20.509		
FY 23 Section 5311 - Operating Assistance CRRSAA		BWCA-23	3,893
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			**3,893**

See notes to schedule of expenditures of federal awards.

BLUE WATER COMMUNITY ACTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title Grant Number	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed Through Michigan State Housing Development Authority:			
COVID-19 Emergency Rental Assistance Program	21.023	HML-2022-	$ 176,555
Homeowner Assistance Fund	21.026	N/A	8,100
Passed Through the Blue Water Area Transportation Commission:			
Coronavirus State and Local Fiscal Recovery Funds -	21.027		
COVID-19 - Section 5311 - FY 2023 ARP Act		N/A	3,893
Passed Through the City of Port Huron:			
COVID-19 -Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	89,499
Total COVID-19 - Coronavirus State & Local Fiscal Recovery Funds			93,392
TOTAL U.S. DEPARTMENT OF TREASURY			**278,047**
U.S. DEPARTMENT OF ENERGY			
Passed Through Michigan Department of Health and Human Services:			
Weatherization Assistance for Low-Income Persons -	81.042		
Weatherization - AWY23		E20230455-00	203,557
Weatherization - BILAWY22		E20234556-00	304,655
Weatherization - AWY24		E20235344-00	11,660
			519,872
TOTAL U.S. DEPARTMENT OF ENERGY			**519,872**
CENTERS FOR DISEASE CONTROL AND PREVENTION			
Passed Through the St. Clair County Health Department:			
Activities to Support State, Tribal, Local, and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises -	93.391		
Local Health Department Social Determinants of Health Grant - SCCHD Eviction Diversion		N/A	12,500
TOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION			**12,500**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Michigan Department of Health and Human Services:			
Low Income Home Energy Assistance Program -	93.568		
LIHEAP - Weatherization Assistance		E20230157	48,642
LIHEAP - Weatherization Assistance Administration		E20230158	145,111
			193,753
477 Cluster -			
Community Services Block Grant -	93.569		
Master Agreement-2021		E20230005	207,335
Master Agreement-2023		E20230950	177,647
Total 477 Cluster			384,982

See notes to schedule of expenditures of federal awards.

BLUE WATER COMMUNITY ACTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title Grant Number	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - cont'd			
Direct Programs:			
Head Start Cluster -			
Head Start -	93.600		
Full Year, Part Day 2022-23		N/A	$ 2,230,134
Early Headstart, 2022-23		N/A	976,127
Carryforward		N/A	988,084
Total Head Start Cluster			4,194,345
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**4,773,080**
TOTAL FEDERAL AWARDS			**$ 6,111,889**

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Blue Water Community Action (the "Agency") for the year ended September 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the financial statements, the *accrual basis*, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In addition, expenditures reported on the Schedule are recognized following the cost principles contained in 2 CFR Part 200, Subpart E, *Cost Principles*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented on the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Capital asset acquisitions made with federal grant resources are recognized on the Schedule as expenditures at the purchase price. Commodities are recognized as revenue in the accounting period in which they are received and distributed. The related expenses are recognized at the same time as an offsetting entry. The value of commodities is based on valuations provided by the Michigan Department of Education (MDE).

The Agency has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Revenue has been accrued at September 30, 2023 to match allowable expenditures incurred during the year for each program. Grant funds received in advance that are in excess of incurred costs have been reflected as refundable advances on the statement of financial position.

Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2 - SUPPLEMENTARY DATA:

The following table was prepared to meet the Single Audit reporting requirements of each assistance listing number (ALN) of the MDE:

	Accrued (Deferred) Revenue 10/1/22	Prior Years' Expenditures	Current-year Expenditures	Current-year Cash Receipts	Accrued (Deferred) Revenue 9/30/23
Child Care Food Program					
ALN 10.558					
Meals reimbursement -					
221920	$ 18,781	$ 151,051	$ -	$ 18,781	$ -
231920	-	-	139,697	139,697	-
	18,781	151,051	139,697	158,478	-
Cash in Lieu -					
222010	770	6,059	-	770	-
232010	-	-	5,820	5,820	-
	770	6,059	5,820	6,590	-
Total ALN 10.558	$ 19,551	$ 157,110	$ 145,517	$ 165,068	$ -
Temporary Emergency Food Assistance ALN 10.568 - 220990	$ 2,834	$ 61,184	$ -	$ 2,834	$ -

* Agrees with amounts reported on the MDE Grant Auditors Report - Form R7120.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Grants and awards per basic financial statements	$ 7,329,546
Less: State grants	(654,654)
Local grants	(563,003)
Expenditures of federal awards	$ 6,111,889

NOTE 4 - LOANS:

Funding has been provided for the purchase and renovations of the Agency's operating facility by the United States Department of Agriculture Rural Development. Information for the project at and for the year ended September 30, 2023 is as follows:

Authorized	$ 1,500,000
Loan Balance at September 30, 2023	$ 1,319,119
2023 Activity:	
Proceeds	$ -
Expenditure - Building improvements	-

BLUE WATER COMMUNITY ACTION

SCHEDULE OF TRANSPORTATION EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Operations	General Admin.	Total System
Labor -			
Other salaries and wages	$ 69,127	$ 3,127	$ 72,254
Fringe benefits	21,302	430	21,732
Services -			
Other services	133	7	140
Materials and Supplies Consumed -			
Other materials and supplies	20	125	145
Utilities	518	105	623
Casualty and Liability Costs -			
Liability	150	37	187
Miscellaneous Expenses -			
Travel and meetings	139	19	158
Other miscellaneous expenses	602	765	1,367
Depreciation	80	17	97
	92,071	4,632	96,703
Less ineligible depreciation	(80)	-	(80)
Total Operating Expenses	$ 91,991	$ 4,632	$ 96,623

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

To the Board of Directors
Blue Water Community Action
Port Huron, 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 Blue Water Community Action (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements and have issued our report thereon dated February 27, 2024.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control , described in the accompanying schedule of findings and questioned costs as 2023-001 that we consider to be a significant deficiency.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blue Water Community Action'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*.

Blue Water Community Action's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Blue Water Community Action's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Blue Water Community Action's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 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.

UHY LLP

Port Huron, Michigan
February 27, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE ON THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Blue Water Community Action
Port Huron, Michigan

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Blue Water Community Action's (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2023. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency 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 the major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency'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 Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Agency'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 Agency'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 Agency'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.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

UHY LLP

Port Huron, Michigan
February 27, 2024

BLUE WATER COMMUNITY ACTION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified?	____ yes __x__ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	__x__ yes ____ none reported
Noncompliance material to financial statements noted?	____ yes __x__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	____ yes __x__ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	__x__ yes ____ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a) of the Uniform Guidance?	____ yes __x__ no

Identification of Major Program:

Assistance Listing Number(s)	Name of Federal Program or Cluster
Assistance #93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	__x__ yes ____ no

Section II - Financial Statement Findings:

2023 -001: Controls over Disbursement

Type: Significant deficiency in internal control over compliance

Criteria: Agency policy requires documentation to be maintained for payments made and certain approvals to occur for payments.

Condition: The Agency could not locate one of the 40 invoices selected for testing, and disbursement registers did not have approval for the months of July through September.

Context: Certain payments did not have adequate controls to ensure maintenance of invoices or approval of payments.

Cause: The Agency has misplaced one of the 40 invoices, but all others selected were located. The registers did not have documentation of approval, as there were significant changes in management and staff during the year, and this process was missed in the transition of staff.

Effect: Expenditures could have been paid that were not approved by management or the board.

Recommendation: We recommend management review the process of approvals and maintenance of invoices to ensure payments made are proper and documentation of approvals are maintained.

View of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section III - Federal Award Findings and Questioned Costs:

2023 -001: Controls over Disbursement

Assistance Listing Number, Federal Agency, Program Name, Program Title: Assistance Listing #93.600; U.S. Department of Health and Human Services; Direct Program; Head Start: Full Year, Part Day 2022-23, Early Head Start 2022-23, and Carryforward programs

Type: Significant deficiency in internal control over compliance.

See above.

2023-002: Controls over Reporting

Assistance Listing Number, Federal Agency, Program Name, Program Title: Assistance Listing #93.600; U.S. Department of Health and Human Services; Direct Program; Head Start: Full Year, Part Day 2022-23, Early Head Start 2022-23, and Carryforward programs

Type: Significant deficiency in internal control over compliance.

Criteria: Controls over compliance requirements are to be in place for the Agency. Agency policy states the Fiscal Director or Executive Director are to review and sign reports to the funding sources.

Condition: The Fiscal Director both prepared and certified the reports to the funding source and there is no documentation of another individuals' review or approval over the reports.

Context: There was no documentation of review on reports to the funding source.

Cause: The Fiscal Director was also the Acting Executive Director for much of the year due to staffing changes.

Effect: The preparer and reviewer were the same individual.

Recommendation: We recommend management review and update the reporting procedure to ensure reports are reviewed and approved by a separate individual from the preparer prior to submission.

View of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section IV - Prior-year Findings and Questioned Costs:

There were no prior-year findings or questions costs.

Blue Water Community Action...
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3403 Lapeer Road
Port Huron, MI 48060

The corrective action plans documented below are in response to the Blue Water Community Action's financial statement audit report for the period ending September 30, 2023, as conducted by UHY, LLP.

Management believes by implementing the corrective action plans below, we aim to strengthen controls over disbursement and reporting activities audited by UHY, LLP, mitigate the identified deficiencies, and enhance overall compliance with agency policies and regulatory requirements.

Section II – Financial Statement Findings
Section III – Federal Award Findings and Questioned Costs
2023-001
Area: Controls over Disbursement
Type: Significant deficiency in internal control over compliance.
Responsible Party: Eduardo Schoen, Finance Director

Management recognizes the importance of maintaining adequate documentation related to the approval and payment of authorized expenses. The Agency's existing Financial Procedures require all appropriate and supporting documentation related to expenses be filed and maintained by the Finance Staff.

Management has reviewed the existing procedures with the Finance Staff. All invoices will be filed within one week of the disbursement.

Section III – Federal Award Findings and Questioned Costs
2023-002
Area: Controls over Reporting
Type: Significant deficiency in internal control over compliance.
Responsible Party: Eduardo Schoen, Finance Director

Management recognizes the importance of ensuring the accuracy of reports provided to funding sources. The Agency's existing Financial Procedures require either the Finance Director or the Executive Director to review and sign reports submitted to the funding source.

Management has implemented a process for the Finance Director to prepare finance reports and to have the Executive Director review, approve, and sign the reports before they are submitted to the funding sources.

The Acting Executive Director and/or Program Director will review and sign off on all funding sources reports.

Karen Lake
Executive Director (Acting)
Blue Water Community Action Agency

Eduardo P. Schoen
Finance Director
Blue Water Community Action Agency