

Charter County of Wayne, Michigan

**Federal Awards
Supplemental Information
September 30, 2008**

Charter County of Wayne, Michigan

Contents

Independent Auditor's Report	1-2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-5
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	6-8
Schedule of Expenditures of Federal Awards	9-12
Notes to Schedule of Expenditures of Federal Awards	13-14
Schedule of Findings and Questioned Costs	15-22



Plante & Moran, PLLC
 27400 Northwestern Highway
 P.O. Box 307
 Southfield, MI 48037-0307
 Tel: 248.352.2500
 Fax: 248.352.0018
 plantemoran.com

Independent Auditor's Report

To the County Executive and
 County Commissioners
 Charter County of Wayne, Michigan

We have audited the accompanying 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 Charter County of Wayne, Michigan (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 16.44 percent and 37.21 percent of the assets and revenues, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percents of total aggregate discretely presented component unit assets and revenue:

	Percent of Assets	Percent of Revenue
Wayne County-Detroit Community Development Entity, Inc.	0.01	0.04
Greater Wayne County Economic Development Corporation	0.02	0.07
Metropolitan Growth and Development Corporation	0.03	0.03
HealthChoice of Michigan	0.14	2.10
Regional Jobs and Economic Growth Foundation	-	0.02
Development Corporation of Wayne County	0.05	0.44

We also did not audit the financial statements of the Pension Trust Funds, which represent 68.32 percent of the assets and had negative total revenue approximating 32.05 percent of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds, are based on the reports of the other auditors.



To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

We conducted our audit 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 The Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter County of Wayne, Michigan's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

January 31, 2009



Plante & Moran, PLLC
 27400 Northwestern Highway
 P.O. Box 307
 Southfield, MI 48037-0307
 Tel: 248.352.2500
 Fax: 248.352.0018
 plantemoran.com

**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 County Executive and
 County Commissioners
 Charter County of Wayne, 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 Charter County of Wayne, Michigan as of and for the year ended September 30, 2008, which collectively comprise the Charter County of Wayne, Michigan’s basic financial statements, and have issued our report thereon dated January 31, 2009, which includes a reference to the reports of other auditors. We conducted our audit 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 Detroit-Wayne County Stadium Authority, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds were not audited in accordance with *Government Auditing Standards*.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 16.44 percent and 37.21 percent of the assets and revenues, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percents of total aggregate discretely presented component unit assets and revenue:

	<u>Percent of Assets</u>	<u>Percent of Revenue</u>
Wayne County-Detroit Community Development Entity, Inc.	0.01	0.04
Greater Wayne County Economic Development Corporation	0.02	0.07
Metropolitan Growth and Development Corporation	0.03	0.03
HealthChoice of Michigan	0.14	2.10
Regional Jobs and Economic Growth Foundation	-	0.02
Development Corporation of Wayne County	0.05	0.44



To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

We also did not audit the financial statements of the Pension Trust Funds, which represent 68.32 percent of the assets and had negative total revenue approximating 32.05 percent of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds, are based on the reports of the other auditors.

Our consideration of internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, grants, and other matters did not include the entities audited by other auditors referred to in the previous paragraph. The findings, if any, of those auditors are not included herein.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter County of Wayne, Michigan's internal control over financial reporting as a basis for designing our auditing procedures 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 Charter County of Wayne, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter County of Wayne, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and another deficiency that we consider to be a material weakness.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the deficiency described in the schedule of findings and questioned costs as item 2008-1 constitutes a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter County of Wayne, Michigan's financial statements are free of 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 determination of financial statement amounts. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2008-3.

The Charter County of Wayne, Michigan's response to the significant deficiencies and finding related to noncompliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the audit committee in a separate letter dated January 31, 2009.

This report is intended solely for the information and use of management and others within the Charter County of Wayne, Michigan, officials of the State of Michigan, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

January 31, 2009



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

Compliance

We have audited the compliance of the Charter County of Wayne, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2008. The major federal programs of the Charter County of Wayne, Michigan are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter County of Wayne, Michigan's management. Our responsibility is to express an opinion on the Charter County of Wayne, Michigan's compliance based on our audit.

The Charter County of Wayne, Michigan's basic financial statements include operations of the Mental Health Fund, which received \$9,362,798 in federal awards, the Wayne County Airport Authority component unit, which received \$56,909,974 in federal grants, and the Metropolitan Growth and Development Corporation, which received approximately \$600,000 in federal grants, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2008. Our audit, described below, did not include the operations of the Mental Health Fund and the Metropolitan Growth and Development Corporation because the Charter County of Wayne, Michigan engaged other auditors to perform audits in accordance with OMB Circular A-133. Our audit, described below, did not include the operations of the Wayne County Airport Authority because it entered into a separate contract for audits in accordance with OMB Circular A-133.

To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Charter County of Wayne, Michigan'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. Our audit does not provide a legal determination on the Charter County of Wayne, Michigan's compliance with those requirements.

In our opinion, the Charter County of Wayne, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the Charter County of Wayne, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter County of Wayne, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and another that we consider to be a material weakness.

To the County Executive and
County Commissioners
Charter County of Wayne, Michigan

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-4, 2008-5 and 2008-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2008-5 to be a material weakness.

The Charter County of Wayne, Michigan's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Charter County of Wayne, Michigan's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the audit committee in a separate letter dated January 31, 2009.

This report is intended solely for the information and use of management and others within the Charter County of Wayne, Michigan, officials of the State of Michigan, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

January 31, 2009

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Agriculture:		
Direct Program - Summer Food Program for Children	10.558	\$ 179,818
Passed through State Department of Education:		
Child Nutrition Cluster - National School Breakfast (Note 2)	10.553	69,044
Child Nutrition Cluster - National School Lunch/Snack (Note 2)	10.555	123,463
Emergency Food Assistance Program (Note 2)	10.568	134,800
Passed through Senior Alliance (Area Agency on Aging) - Nutrition services	10.550	742,684
Passed through State Department of Community Health - Special Supplemental Food	10.557	<u>2,087,606</u>
Total U.S. Department of Agriculture		3,337,415
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant (Note 5)	14.218	7,958,634
Community Development Block Grant (Hamtramck - Joseph Compeau - Section 108 Loan) (Note 5)	14.218	97,067
Community Development Block Grant (Hamtramck - Grand Haven - Section 108 Loan) (Note 5)	14.218	101,934
Emergency Shelter Grant (McKinney Act for the Homeless)	14.231	241,390
Supplemental Assistance to the Homeless	14.235	173,652
Home Investment Partnership	14.239	2,244,579
Lead Hazard Reduction Demonstration Grant	14.905	59,014
Passed through the City of Taylor - Community Development Block Grant	14.218	<u>4,000</u>
Total U.S. Department of Housing and Urban Development		10,880,270
U.S. Department of Justice:		
Direct Programs:		
Federal Forfeited Property	16.000	360,133
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	115,804
Substance Abuse Prevention and Intervention Program	16.541	49,828
State Criminal Alien Assistance Program	16.606	55,526
COPS Technology Program	16.710	124,437
Edward Byrne Memorial Justice Assistance Grant Program	16.738	632,837
Part E-Developing, Testing and Demonstrating Promising New Programs	16.541	358,288

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Justice (Continued):		
Passed through Michigan Department of Human Services - Juvenile Accountability Block Grant	16.523	\$ 312,676
Passed through Michigan Department of Community Health:		
Crime Victim Assistance	16.575	870,998
Byrne Memorial Justice Assistance Grant	16.738	181,254
Byrne Memorial Justice Assistance Grant	16.738	261,573
Byrne Memorial Justice Assistance Grant	16.738	80,641
Byrne Memorial Justice Assistance Grant	16.738	47,818
Edward Byrne Memorial Justice Assistance Grant Program	16.738	86,667
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17,711
Passed through Detroit Community Justice Partnership - Eastern District of Michigan Project Safe Neighborhoods Initiative	16.609	105,424
Passed through Elder Law of Michigan - End Violence Against Women in Later Life Project (EVA WILL)	16.528	<u>6,390</u>
Total U.S. Department of Justice		3,668,005
U.S. Department of Transportation:		
Passed through Michigan Department of Transportation:		
Rouge Gateway Greenway Bicycle Path	20.205	24,686
Highway Planning and Construction (Note 3)	20.205	2,898,929
Roadway Infrastructure Management System (RIMS)	20.205	524,730
Passed through City of Detroit - Detroit Department of Transportation	20.507	3,640,499
Passed through Michigan Department of State Police:		
Safety Belt Enforcement Task Force	20.600	176,220
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>9,025</u>
Total U.S. Department of Transportation		7,274,089
U.S. Environmental Protection Agency:		
Direct Programs:		
Congressionally Mandated Projects	66.202	3,610,205
Lead Prevention	66.707	1,062
Brownfield Pilots Cooperative Agreements	66.818	160,000
Passed through Michigan Department of Treasury - Downriver Sewage Disposal System	66.458	123,131

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Environmental Protection Agency (Continued):		
Passed through Michigan Department of Environmental Quality:		
Cap Grant for the Drinking Water Revolving Fund	66.468	\$ 150
Operator Certification Expense Reimbursement Grant	66.471	200
Beach Monitoring and Notification Program	66.472	3,366
Passed through Southeastern Michigan Health Association		
Clear Corps - Primary Prevention Project	66.718	35,644
Passed through Berrien County Health Department - Western MI		
Collaborative to End Childhood Lead Poisoning	66.718	<u>5,000</u>
Total U.S. Environmental Protection Agency		3,938,758
U.S. Department of Energy - Passed through Michigan Department of		
Human Services - Weatherization Assistance Program	81.042	545,734
U.S. Department of Education - Passed through local universities -		
Federal Work Study - Prosecutor's Internship Program	84.033	69,619
U.S. Department of Health and Human Services:		
Direct Programs:		
Substance Abuse and Mental Health Services Administration	93.243	399,216
Head Start	93.600	22,698,789
Child Support Demonstration/Special Projects	93.601	19,667
HRSA Infant Mortality	93.888	14,313
Passed through Area Agency on Aging:		
Aging Cluster - Senior Community Services Program	93.044	7,976
Aging Cluster - Nutrition Services	93.045	1,526,294
National Family Caregiver Support	93.052	14,306
Passed through Michigan Department of Community Health:		
Bioterrorism Supplemental - Early Warning Infectious Disease	93.069	3,981
TB Control	93.116	48,413
Child Lead Poisoning Prevention	93.197	90,000
Family Planning Services	93.217	72,357
Infant Immunization Initiative	93.268	534,522
VFC Vaccines	93.268	6,117,722
Bioterrorism Supplemental	93.283	697,336
Medicaid Outreach and Advocacy	93.778	214,953
Crippled Children	93.778	45,488
Medical Assistance Program	93.778	65,000

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued):		
Passed through Michigan Department of Community Health (Continued):		
AIDS Counseling and Testing	93.940	\$ 199,966
Expanded HIV Testing in High Prevalence Health Care Settings	93.940	209,992
Venereal Disease	93.977	93,010
Maternal and Infant Care	93.994	200,000
Child Lead Poisoning Testing	93.994	115,000
Oral Health Dental	93.994	368,297
Maternal Infant Support	93.994	130,000
Maternal and Child Health Services Block Grant	93.994	479,429
Passed through Michigan Department of Human Services:		
Promoting Safe And Stable Families	93.556	200,000
Temporary Assistance for Needy Families	93.558	770,175
Title IV-D	93.563	20,030,708
Low Income Home Energy Assistance	93.568	7,032
Foster Care Title IV-E	93.658	739,761
Chafee Foster Care Independence Program	93.674	250,000
Passed through the State Court Administrative Office (SCAO) -		
Access and Visitation Grant	93.597	<u>46,700</u>
Total U.S. Department of Health and Human Services		56,410,403
U.S. Department of Homeland Security:		
Passed through the Michigan State Police:		
Disaster Grants	97.036	149,443
Emergency Management Performance Grants	97.042	53,354
Homeland Security Grant Program	97.067	4,623,817
Passed through Oakland County Emergency Management -		
Homeland Security Grant Program	97.067	1,369,139
Passed through the Michigan Department of Natural Resources -		
Boating Safety Financial Assistance	97.012	<u>91,804</u>
Total U.S. Department of Homeland Security		<u>6,287,557</u>
Total Federal Awards		<u>\$ 92,411,850</u>

Charter County of Wayne, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter County of Wayne, Michigan (the "County") and is presented on the same basis of accounting as the basic financial statements. Additional federal grant activity is included in separately issued federal award audits prepared on behalf of the Wayne County Mental Health Fund, the Wayne County Airport Authority, and the Metropolitan Growth and Development Corporation. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Food Distribution Program

The Wayne County Youth Home receives funding for administration of commodities under the National School Lunch Program. Reimbursements for administration of the program are reported on the schedule of expenditures of federal awards (CFDA Nos. 10.553 and 10.555). The value of the commodities received during the fiscal year was \$7,729. The Emergency Food Assistance Program also receives funding for administration of commodities. The program is reported on the schedule of expenditures of federal awards (CFDA No. 10.568). The value of commodities received during the fiscal year was \$1,518,704.

Note 3 - Highway Planning and Construction Program

The County participates in 33 separate road, street, and bridge construction and repair projects, which are primarily administered by the State of Michigan, Department of Transportation. The projects, which are controlled by the State, are recorded in the County's general ledger and amounted to \$20,757,685. The federal financial assistance administered directly by the State has not been included in the tests of compliance with laws and regulations associated with the County's single audit.

Charter County of Wayne, Michigan

Notes to Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2008

Note 4 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount
		Provided to Subrecipients
Headstart	93.600	\$ 19,198,996
Congressionally Mandated Projects (WWDG)	66.202	2,850,782
Justice Assistance Grant (JAG)	16.738	285,634
Community Development Block Grant	14.218	6,218,863
CDBG - Hamtramck Section 108 Loan - Grand Haven	14.218	101,934
CDBG - Hamtramck Section 108 Loan - Joseph Campau	14.218	97,067
Home Investment Partnership	14.239	1,327,767
Homeland Security Grant Program	97.067	811,855

Note 5 - HUD Section 108 Loans

The U.S. Department of Housing and Urban Development (HUD) awarded Section 108 guaranteed loans to the City of Hamtramck in the aggregate amount of \$1,514,313 in fiscal year 2004. The loans represent pass-through funds from the County of Wayne to the City of Hamtramck for the purpose of housing and economic redevelopment. The City of Hamtramck was not eligible to apply directly to HUD for Section 108 funding since the City of Hamtramck participates in the County of Wayne's HUD loan program for the purpose of receiving federal Community Development Block Grant (CDBG) funds. Consequently, the County of Wayne applied for, and was awarded, the funding. The CDBG housing portion received by the County of Wayne is disclosed on the schedule of expenditures of federal awards under CFDA 14.218.

The expenditures related to the Section 108 guaranteed loan activity are disclosed on the schedule of expenditures of federal awards under CFDA 14.218. Loan repayment commenced in 2005. Collateral for repayment of the funds includes future Community Development Block Grant entitlements due to the City of Hamtramck from HUD, passed through the Charter County of Wayne, Michigan. There are no continuing compliance requirements except for repayment, and the loan has not been included in the expenditures in compliance with OMB Circular A-133.

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? X Yes 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 (each major program listed separately):

CFDA Number	Name of Federal Program or Cluster	Opinion
14.218	Community Development Block Grant	Unqualified
20.205	U.S. Department of Transportation - Highway Planning and Construction, Rouge Gateway Greenway Bicycle Path, and Roadway Infrastructure Management System	Unqualified
66.202	Congressionally Mandated Projects (WWDG)	Unqualified
93.600	Head Start	Unqualified
93.268	VFC Vaccines/Infant Immunization Initiative	Unqualified
93.563	Title IV-D Child Support Enforcement	Unqualified
97.067	Homeland Security Grant Program	Unqualified
20.507	Detroit Department of Transportation	Unqualified

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section I - Summary of Auditor's Results (Continued)

Any audit findings disclosed that are required
to be reported in accordance with
Section 510(a) of Circular A-133?

Yes No

Dollar threshold used to distinguish between type A and type B programs: \$2,818,148

Auditee qualified as low-risk auditee?

Yes No

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section II - Financial Statement Audit Findings

Reference Number	Findings
2008-1	<p>Information Technology User Administration Process</p> <p>Finding Type - Significant deficiency, material weakness</p> <p>Criteria - The Department of Management and Budget should maintain appropriate documentation when user access is granted, changed, or terminated to maintain proper controls over system access.</p> <p>Condition - The Department of Management and Budget does not always maintain documentation authorizing the granting, change in status, and/or termination of users.</p> <p>Context - The County has created the appropriate authorization forms related to user access; however, these forms are currently not consistently utilized and maintained.</p> <p>Cause - The process for ensuring authorization of granting, changing, or terminating user access is in place but is not being consistently followed.</p> <p>Effect - The lack of appropriate documentation related to changes in user access could result in unauthorized access to the system.</p> <p>Recommendation - Management should review its current policies related to maintaining documentation for authorization of user access changes to ensure the current procedures are adequate and then develop a process to ensure these procedures are enforced.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Department of Management and Budget had drafted a "Financial System Access" policy which addresses documentation for and authorization of financial management system user access. This policy is expected to be distributed in the second quarter of fiscal year 2009. In addition, during fiscal year 2008, the County implemented an automated control whereby the County's financial management system interfaces with the personnel system on a bi-weekly basis and any terminated employee user IDs are disabled.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2008-2	<p>Identification of Agency Transactions</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - Agency transactions in which the County is performing a fiduciary function should be properly identified and presented in the financial statements.</p> <p>Condition - The County recorded revenue/expenditures in the amount of \$5,967,175 related to federal forfeiture proceeds that the County received in a fiduciary capacity.</p> <p>Context - The County receives forfeited property proceeds from the State of Michigan and the Department of Justice. These proceeds are divided among multiple jurisdictions, with the County keeping its share of the proceeds and distributing the remaining monies to the other law enforcement agencies.</p> <p>Cause - Communication processes were not in place to ensure that the nature of the forfeiture transactions was understood by the appropriate departments and properly reflected in the County's financial statements.</p> <p>Effect - The County's revenue/expenditures related to forfeited property were overstated prior to recommended adjustment by the auditors.</p> <p>Recommendation - Management should initiate and enforce procedures to ensure that the nature of transactions is communicated to appropriate departments to facilitate accurate financial reporting.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The accounting division of the Department of Management and Budget has developed a process to ensure that this overstatement of revenue/expenditures does not occur in the future. This process has been communicated via email and implemented by the appropriate personnel. Management will perform periodic reviews of these transactions to ensure that the procedures are being followed.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2008-3	<p>Revenue Sharing Reserve Fund</p> <p>Finding Type - Noncompliance (repeat finding)</p> <p>Criteria - The County transferred more out of the Revenue Sharing Reserve Fund than its allowable spending limit, as determined by the State.</p> <p>Condition - In 2004, the State of Michigan enacted Public Act 357, which required a gradual shift of the County's property tax levies from winter to summer as a substitute funding mechanism to state revenue sharing. In 2005, the first year of the Act, the County recorded a transfer of one-third of the December 2004 levy for taxes from the General Fund to the newly created Revenue Sharing Reserve Fund. To replace the revenue-sharing payments suspended by the State, the Act allows for a portion of these taxes to be transferred back to the General Fund each year. For the year ended September 30, 2005, the County transferred \$18,943,677 in excess of its allowable spending to the General Fund.</p> <p>Cause - The County transferred funds it believed were available to it to replace the suspended revenue-sharing payments.</p> <p>Effect - The transfer of additional funds does not impact the total available funds over the life of the Revenue Sharing Reserve Fund, but it does represent excess spending for the year ended September 30, 2005, which is a violation of the Act.</p> <p>Recommendation - The County should limit future transfers to the amount allowed, as determined by the State.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Due to the proper application of generally accepted accounting principles, the implementation of Public Act 357 created an unanticipated revenue shortfall for the County. Prior to making the additional transfer, the County notified the State that it would be transferring an amount in excess of the allowable spending in order to cover this shortfall. The County has not been notified by the State that it is in violation of the law. In fiscal years 2006, 2007, and 2008, the County only transferred the allowable spending amount. The County intends to limit the future transfers to the amount allowed, as determined by the State. This transfer of additional funds does not impact total available funds over the life of the Revenue Sharing Reserve Fund, the use of which did sunset in fiscal year 2009.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section III - Federal Program Audit Findings

Reference Number	Findings
2008-4	<p>Program Name - VFC Vaccines/Infant Immunization Initiative, CFDA # 93.268, U.S. Department of Health and Human Services.</p> <p>Pass-through Entity - Michigan Department of Community Health</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - The grant requires children receiving the vaccine to meet eligibility standards under (42 USC 1396s(b)(2)(A)(i)-(iii)).</p> <p>Condition - A sample of 27 participants were selected for testing. The eligibility card for one of the participants selected was not available.</p> <p>Questioned Costs - Unknown</p> <p>Context - The County's policy is to document participant eligibility on the clinic record prior to administering the vaccination. The participant's vaccination record was located in the MICR system, indicating the vaccination was administered; however, the clinic record confirming participant eligibility was not available.</p> <p>Cause and Effect - Internal control procedures over maintenance of eligibility documentation did not operate effectively. If eligibility is not properly documented, an ineligible participant could receive vaccinations under the program.</p> <p>Recommendation - Internal control procedures should be enhanced to ensure that appropriate documentation of each participant's eligibility be maintained.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The County's Department of Health and Human Services, Division of Public Health is installing an electronic case management system which will be completed by 2010. In the meantime, the division will develop a checklist of records that must be maintained so that during clerical review, any missing records can be identified and corrected. The Department of Management and Budget - Grants Division will subsequently monitor to ensure corrective action.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2008-5	<p>Incomplete Schedule of Expenditures of Federal Awards</p> <p>Finding Type - Significant deficiency, material weakness</p> <p>Criteria - OMB Circular A-133 requires organization's to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA).</p> <p>Condition - The SEFA included adjustments related to expenditures and other transactions that occurred in previous fiscal years, resulting in revisions to correct the SEFA in the amount of \$238,516.</p> <p>Questioned Costs - None</p> <p>Context - The adjustments made to the expenditures reported on the schedule of expenditures of federal awards, if material, could have affected the major program selection.</p> <p>Cause and Effect - Internal control procedures over determining which expenditures should be reported on the SEFA did not operate effectively. This resulted in the County's schedule of expenditures of federal awards provided to the auditors being inaccurate on a program and total expenditure basis.</p> <p>Recommendation - Internal control procedures should be initiated and enforced to ensure the proper expenditures are reported in the schedule of expenditures of federal awards.</p> <p>Views of Responsible Officials and Planned Corrective Actions - It has been the practice of the grants division of the Department of Management and Budget to report federal expenditures incurred and not reported in prior years in the current year. The amounts reported have not been material. The grants division is modifying its business practices to concentrate on the monitoring of the major programs to mitigate the issue of unreported federal expenditures.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2008

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2008-6	<p>Program Name - VFC Vaccines/Infant Immunization Initiative, CFDA # 93.268, U.S Department of Health and Human Services.</p> <p>Pass-through Entity - Michigan Department of Community Health</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - The grant agreement with the State of Michigan requires monitoring of for-profit vaccine providers (at least 20 per year for recipients with more than 20 providers) and suggests that an overall goal should be to perform on-site monitoring visits for each provider at least once every two years.</p> <p>Condition - A sample of 27 VFC providers were selected and on site monitoring visits were not performed for four of them within a two-year period.</p> <p>Questioned Costs - None</p> <p>Context - The County issued vaccines amounting to \$5,212,556 to approximately 160 for-profit providers in the current year. The County had not performed on-site visits for approximately \$536,000 related to 15 sites in the past two years. During 2008, the County performed on-site monitoring of 46 for-profit providers.</p> <p>Cause and Effect - Internal control procedures over on-site monitoring did not operate effectively as the County did not have procedures in place to efficiently determine which providers had not been monitored within the recommended time frames in the agreement. Inadequate monitoring could result in the release of vaccines to VFC providers who are not compliant with the program requirements.</p> <p>Recommendation - The County should review its policy related to performing on-site visits and ensure that it has proper procedures in place to efficiently review monitoring activities and to ensure the guidelines in the grant agreement are followed.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The management of the Public Health Division believed it was in compliance by providing 20 on-site monitoring evaluations each year. Management will monitor future performance to ensure that all VFC providers will be monitored within the two-year window. This will be accomplished by the unit supervisor reporting on-site reviews to the director of administration monthly to ensure that the service providers are reviewed within the time frame. The Department of Management and Budget - Grants Division will subsequently monitor to ensure corrective action.</p>