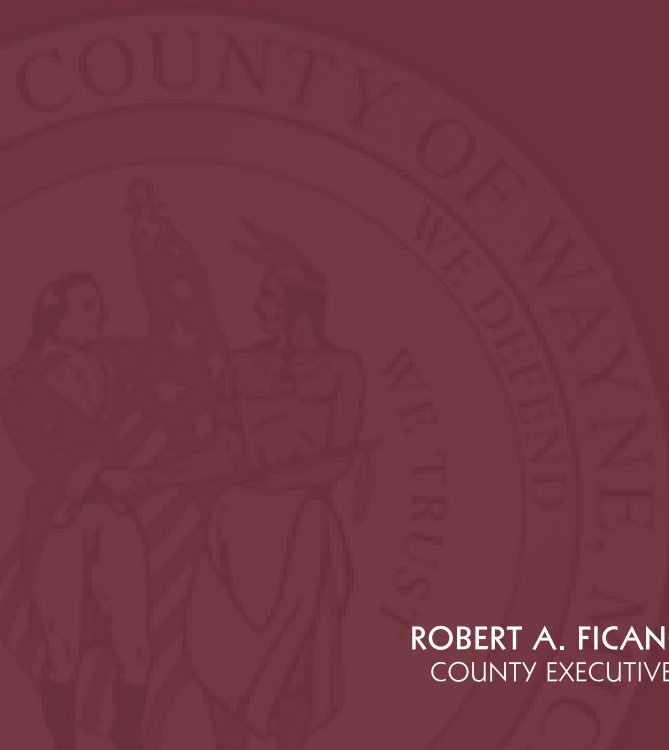


CHARTER COUNTY OF WAYNE MICHIGAN
SINGLE AUDIT REPORT

2009

A CORNERSTONE FOR THE FUTURE



ROBERT A. FICANO
COUNTY EXECUTIVE



Charter County of Wayne, Michigan

**Federal Awards
Supplemental Information
September 30, 2009**

Charter County of Wayne, Michigan

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Independent Auditor's Report

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 (the "County") as of and for the year ended September 30, 2009, 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 3.19 percent and 35.06 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</u>	<u>Percent</u>
	<u>of Assets</u>	<u>of Revenue</u>
Wayne County - Detroit Community Development Entity, Inc.	0.01	0.02
Greater Wayne County Economic Development Corporation	0.02	0.08
Metropolitan Growth and Development Corporation	0.03	0.06
HealthChoice of Michigan	0.16	2.62
Wayne County Regional Jobs and Economic Growth Foundation	-	0.02
Development Corporation of Wayne County	0.04	0.15

We also did not audit the financial statements of the Pension Trust Funds, which represent 72.05 percent and 19.84 percent of the assets and revenues, respectively, 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, Wayne County - Detroit Community Development Entity, Inc., Greater Wayne County Economic Development Corporation, Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Wayne County Regional Jobs and Economic Growth, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the following entities were not audited in accordance with *Government Auditing Standards*:

- Wayne County Employees' Retirement System Defined Benefit Plan
- Wayne County Employees' Retirement System Defined Contribution Plan
- Wayne County Circuit Court Commissioners Bailiffs' Retirement System
- Wayne County Regional Jobs and Economic Growth Foundation
- Development Corporation of Wayne County
- Wayne County - Detroit CDE, Inc.
- Detroit - Wayne County Stadium Authority
- Wayne County Land Bank Corporation

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 and the reports of other auditors provide a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County'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

March 17, 2010

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, 2009, which collectively comprise the Charter County of Wayne, Michigan’s basic financial statements, and have issued our report thereon dated March 17, 2010, 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 Land Bank Corporation, the Wayne County - Detroit Community Development Entity, Inc., the Development Corporation of Wayne County, the Wayne County Regional Jobs and Economic Growth Foundation, 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 3.19 percent and 35.06 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	0.02
Greater Wayne County Economic Development Corporation	0.02	0.08
Metropolitan Growth and Development Corporation	0.03	0.06
HealthChoice of Michigan	0.16	2.62
Wayne County Regional Jobs and Economic Growth Foundation	-	0.02
Development Corporation of Wayne County	0.04	0.15

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 72.05 percent and 19.84 percent of the assets and revenues, respectively, 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, Wayne County - Detroit Community Development Entity, Inc., Greater Wayne County Economic Development Corporation, Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Wayne County Regional Jobs and Economic Growth, 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 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.

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 control. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1, 2009-2 and 2009-3 to be significant deficiencies in internal control over financial reporting.

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.

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

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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do consider the significant deficiencies described above as items 2009-1, 2009-2 and 2009-3 to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Charter County of Wayne, Michigan's response to the findings 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 March 17, 2010.

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

March 17, 2010

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, 2009. 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 \$10,326,587 in federal awards, the Wayne County Airport Authority component unit, which received \$36,683,824 in federal grants, and the Metropolitan Growth and Development Corporation component unit, which received approximately \$900,000 in federal grants, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2009. 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.

As described in item 2009-7 in the accompanying schedule of findings and questioned costs, the Charter County of Wayne, Michigan did not comply with requirements regarding earmarking that are applicable to its Community Development Block Grant program. Compliance with this requirement is necessary, in our opinion, for the Charter County of Wayne, Michigan to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-4 and 2009-5.

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 County'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 County'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 others that we consider to be material weaknesses.

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 2009-4, 2009-5, 2009-6 and 2009-7 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 items 2009-4, 2009-5 and 2009-7 to be material weaknesses.

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.

This report is intended solely for the information and use of the county executive, county commissioners, 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

March 17, 2010

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards Year Ended September 30, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Agriculture:		
Direct Program - Child Nutritional Cluster - Summer Food Service Program for Children	10.559	\$ 257,371
Passed through State Department of Education:		
Child Nutrition Cluster - National School Breakfast (Note 2)	10.553	101,480
Child Nutrition Cluster - National School Lunch/Snack (Note 2)	10.555	154,240
Emergency Food Assistance Program (Note 2)	10.568	192,891
ARRA - Emergency Food Assistance Program	10.568	75,298
Passed through Senior Alliance (Area Agency on Aging) - Nutrition Services	10.550	775,365
Passed through State Department of Community Health - Special Supplemental Food	10.557	<u>2,172,112</u>
Total U.S. Department of Agriculture		3,728,757
U.S. Department of Commerce:		
Passed through the Michigan State Police - Public Safety Interoperable Communications Grant	11.555	<u>128,394</u>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant (Note 5)	14.218	5,854,930
Community Development Block Grant (Hamtramck - Joseph Campau - Section 108 Loan) (Note 5)	14.218	94,027
Community Development Block Grant (Hamtramck - Grand Haven - Section 108 Loan) (Note 5)	14.218	98,614
Emergency Shelter Grant (McKinney Act for the Homeless)	14.231	246,930
Supplemental Assistance to the Homeless	14.235	177,094
Home Investment Partnership	14.239	2,197,633
EDI Special Projects Grant	14.251	84,338
Lead Hazard Reduction Demonstration Grant	14.905	430,515
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		9,188,081

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Justice:		
Direct Programs:		
Federal Forfeited Property	16.000	\$ 239,196
Substance Abuse Prevention and Intervention Program	16.541	250,620
State Criminal Alien Assistance Program	16.606	156,102
COPS Technology Program	16.710	185,844
Edward Byrne Memorial Justice Assistance Grant Program	16.738	481,082
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	827,933
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	38,786
Passed through Michigan Department of Human Services:		
Juvenile Accountability Block Grant	16.523	291,736
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	248,579
Passed through Michigan Department of Community Health:		
Crime Victim Assistance	16.575	967,873
Byrne Memorial Justice Assistance Grant	16.738	190,400
Byrne Memorial Justice Assistance Grant	16.738	195,000
Passed through Elder Law of Michigan - End Violence Against Women in Later Life Project (EVA WILL)		
	16.528	18,788
Passed through United Way for Southeastern Michigan:		
Comprehensive Anti-Gang Initiative (CAGI)	16.744	80,755
Comprehensive Anti-Gang Initiative	16.744	5,360
Passed through Michigan State Police - ARRA - Internet Crimes Against Children	16.800	<u>16,667</u>
Total U.S. Department of Justice		4,194,721
U.S. Department of Transportation:		
Passed through Michigan Department of Transportation:		
Highway Planning and Construction (Note 3)	20.205	1,927,433
ARRA - Highway Planning & Construction	20.205	17,198
Roadway Infrastructure Management System (RIMS)	20.205	543,243
Passed through City of Detroit - Detroit Department of Transportation	20.507	2,922,956
Passed through Michigan Department of State Police:		
Safety Belt Enforcement Task Force	20.600	111,777
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>25,595</u>
Total U.S. Department of Transportation		5,548,202

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Treasury:		
Passed through Michigan State Housing Development Authority - National Foreclosure Mitigation Counseling Grant	21.000	\$ <u>28,500</u>
U.S. Environmental Protection Agency:		
Direct Programs:		
Congressionally Mandated Projects	66.202	3,111,925
Brownfield Pilots Cooperative Agreements	66.818	340,000
Passed through Michigan Department of Treasury - Clear Water State Revolving Fund	66.458	2,088,864
Passed through Michigan Department of Environmental Quality:		
Cap Grant for the Drinking Water Revolving Fund	66.468	300
Beach Monitoring and Notification Program	66.472	5,944
Passed through Southeastern Michigan Health Association Clear Corps - Primary Prevention Project	66.718	<u>11,881</u>
Total U.S. Environmental Protection Agency		5,558,914
U.S. Department of Energy:		
Passed through Michigan Department of Human Services - Weatherization Assistance Program	81.042	<u>654,480</u>
U.S. Department of Education:		
Passed through local universities - Federal Work Study - Prosecutor's Internship Program	84.033	54,854
Passed through Wayne County Regional Educational Service Agency - Part C Early On	84.181	<u>151,716</u>
Total U.S. Department of Education		206,570
U.S. Department of Health and Human Services:		
Direct Programs:		
Substance Abuse and Mental Health Services Administration	93.243	422,939
Lead Prevention	93.283	234,635
Infant Mortality Prevention Project	93.283	191,593
Head Start	93.600	23,096,855

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued):		
Passed through Area Agency on Aging:		
Aging Cluster - Senior Community Services Program	93.044	\$ 9,722
Aging Cluster - Nutrition Services	93.045	1,618,663
National Family Caregiver Support	93.052	14,307
Passed through Michigan Department of Community Health:		
Bioterrorism Supplemental - Early Warning Infectious Disease	93.283	1,747
TB Control	93.116	41,962
Child Lead Poisoning Prevention	93.197	105,266
Family Planning Services	93.217	127,100
Infant Immunization Initiative	93.268	614,481
VFC Vaccines	93.268	1,885,108
Bioterrorism Supplemental	93.283	557,776
Obesity Prevention	93.283	19,530
Medicaid Outreach & Advocacy	93.778	351,792
Crippled Children	93.778	238,292
Medical Assistance Program	93.778	40,320
AIDS Counseling and Testing	93.940	212,659
Expanded HIV Testing in High Prevalence Health Care Settings	93.940	323,856
Venereal Disease	93.977	93,010
Maternal and Infant Care	93.994	190,907
Child Lead Poisoning Testing	93.994	115,000
Oral Health Dental	93.994	423,383
Maternal Infant Support	93.994	130,000
Maternal and Child Health Services Block Grant	93.994	120,887
Refugee and Entrant Assistance Discretionary Grant	93.576	66,806
Passed through Michigan Department of Human Services:		
Temporary Assistance for Needy Families	93.558	897,402
Title IV-D	93.563	15,262,429
ARRA - Title IV-D	93.563	5,767,443
Low Income Home Energy Assistance Program (LIHEAP)	93.568	124,263
Foster Care Title IV-E	93.658	1,113,851
Chafee Foster Care Independence Program (CFCIP)	93.674	250,000
Passed through National Institute of Health - Wayne State University National		
Institute of Health (WSU/NIH) Grant	93.361	24,869
Passed through the State Court Administrative Office (SCAO) - Access and		
Visitation Grant	93.597	54,334
Total U.S. Department of Health and Human Services		54,743,187

Charter County of Wayne, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2009

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Homeland Security:		
Passed through the Michigan State Police:		
Homeland Security Cluster - Homeland Security Grant Program	97.067	\$ 1,053,581
Homeland Security Cluster - Homeland Security Grant Program	97.067	651,597
Homeland Security Cluster - Homeland Security Grant Program	97.067	113,646
Homeland Security Cluster - Homeland Security Grant Program	97.067	100,983
Buffer Zone Protection Program (BZPP)	97.078	1,499,757
Emergency Management Performance Grants	97.042	53,354
Passed through the Michigan Department of Natural Resources -		
Boating Safety Financial Assistance	97.012	100,539
Passed through the Detroit Wayne County Port Authority -		
Port Security Grant Program	97.056	<u>904,660</u>
Total U.S. Department of Homeland Security		<u>4,478,117</u>
Total federal awards		<u>\$ 88,457,923</u>

Charter County of Wayne, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2009

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 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 State, 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, 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 No. 10.553 and 10.555). There were no commodity food items received during the fiscal year. The Emergency Food Assistance Program (TEFAP) 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 for TEFAP during the fiscal year was \$1,139,181.

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 State of Michigan has directed that these projects should not be considered federal revenue at the county level, as the County is not materially participating in their administration. The projects, which are controlled by the State, are recorded as contributed capital in the County's government-wide financial statements and amounted to \$13,738,773. The federal financial assistance administered directly by the State has not been included in the schedule of expenditures of federal awards or 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 Year Ended September 30, 2009

Note 4 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Charter County of Wayne, Michigan provided federal awards to various subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
HeadStart	93.600	\$ 20,100,231
Community Development Block Grant	14.218	5,026,221
Congressionally Mandated Projects	66.202	1,472,624
Home Investment Partnership	14.239	837,034
Homeland Security	97.067	544,329
Buffer Zone Protection Program (BZPP)	97.078	1,468,375
Justice Assistance Grant (JAG)	16.738	142,602
CDBG – Hamtramck Section 108 Loan - Grand Haven	14.218	98,614
CDBG – Hamtramck Section 108 Loan - Joseph Campau	14.218	94,027

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 loan represents 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.

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs Year Ended September 30, 2009

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? Yes X None reported

Noncompliance material to financial statements noted? Yes X 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	Qualified
66.202	Congressionally Mandated Projects (WWDG)	Unqualified
93.600	Head Start	Unqualified
93.563	Title IV-D Child Support Enforcement	Unqualified
20.507	Detroit Department of Transportation	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes No

Dollar threshold used to distinguish between type A and type B programs: \$2,687,913

Auditee qualified as low-risk auditee? Yes X No

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section II - Financial Statement Audit Findings

Reference Number	Findings
2009-1	<p>Information Technology User Administration Process</p> <p>Finding Type - Significant deficiency/Material weakness</p> <p>Criteria - The County should maintain appropriate documentation when user access is granted, changed, or terminated to maintain proper controls over system access.</p> <p>Condition - The County does not always maintain documentation authorizing the granting, change in status, and/or termination of users for the Wayne County network and PeopleSoft and UNIX system applications.</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 Technology is in the process of centralizing the service request system for all applications including Wayne County network, PeopleSoft and UNIX system applications. The system is currently being piloted and is expected to be in full production before the close of 2010. The department of technology is working with both the department of management & budget and personnel to establish policies which will enforce the reporting of system access changes through termination, classification changes, etc. to ensure the process is being followed.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2009-2	<p>Recognition of Inventory</p> <p>Finding Type - Significant deficiency/Material weakness</p> <p>Criteria - The County frequently receives various medications from the State of Michigan. Under generally accepted accounting principles, these items should be recorded as inventory assets at the fair market value of the items on hand at year end.</p> <p>Condition - The County did not record inventory related to flu medication that was received during the fiscal year. The estimate value of the medication is \$180,000.</p> <p>Context - The County receives vaccinations and medications from the State of Michigan for distribution to County residents. The County has procedures in place to record the vaccinations, however procedures are not in place to record the medications.</p> <p>Cause - Processes were not in place to ensure that medication inventory received by the County was recognized by the appropriate departments and properly reflected in the County's financial statements.</p> <p>Effect - The County's inventory was understated by approximately \$180,000 at year end.</p> <p>Recommendation - Management should review its current policies related to inventory recognition 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 health department's procedure 60159.02.006 covers the recording of the monetary value of vaccines. The health department should have amended this policy/procedure to reflect any vaccines/medications or other assets of significant value. As a result, the director of administration will amend this procedure and with the assistance of the director of the disease control unit, take the necessary steps to ensure that antiviral inventory value is also recorded along with the value of vaccines.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2009-3	<p>Recognition of Road Project Expenditures</p> <p>Finding Type - Significant deficiency/Material weakness</p> <p>Criteria - Expenditures related to road construction activity should be recorded in accordance with accounting principles generally accepted in the United States of America.</p> <p>Condition - During our testing of construction, we noted an instance where the expenditures recorded in the Road Fund related to a road project were calculated incorrectly. The error was caused by a flaw in the method used to calculate the local share of projects administered by the Michigan Department of Transportation (MDOT).</p> <p>Context - The County participates in numerous road construction projects that are administered by MDOT. The costs associated with these projects are shared by the federal government, the State of Michigan, and the County. Under generally accepted accounting principles, the County should record expenditures equal to the County's share of the project.</p> <p>Cause - The County does not have a process in place to compare the County's calculation of local expenditures to invoices provided by MDOT, which show MDOT's calculation of local expenditures in accordance with the contract between MDOT and the County.</p> <p>Effect - The error resulted in expenditures being overstated by approximately \$800,000.</p> <p>Recommendation - We encourage the County to review existing accounting and control procedures related to road construction process. We recommend that the County implement procedures whereby the expenditures recorded for each project are compared to the contract agreements as well as invoices received from MDOT.</p> <p>Views of Responsible Officials and Planned Corrective Actions - As a part of the fiscal year end procedures, Wayne County central accounts receivable will compare contracted construction cost breakdowns prepared by the County Department of Public Services (DPS) Engineering Division to the relevant construction contract with MDOT to verify the percentages and allocations agree. For more complex construction projects, Wayne County central accounts receivable will review the allocation percentage and cumulative costs recorded on DPS Engineering's construction cost breakdown to the MDOT invoice detailed summary to ensure that County recorded costs do not exceed the amounts recorded by MDOT.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section III - Federal Program Audit Findings

Reference Number	Findings
2009-4	<p>Program Name - Community Development Block Grant, CFDA #14.218, 2008 award, U.S. Department of Housing and Urban Development Grant</p> <p>Finding Type - Significant deficiency/Material weakness/Material noncompliance</p> <p>Criteria - OMB Circular A-87 requires that semi-annual certifications be signed and maintained by all individuals who spend 100 percent of their time on CDBG activities.</p> <p>Condition - The County did not ensure that the semi-annual certifications were signed and maintained by the seven individuals who spend 100 percent of their time on CDBG-related activities.</p> <p>Questioned Costs - \$42,759</p> <p>Context - The County experienced transition in the department during the fiscal year and certifications could not be located. When questioned in the audit process, the County was able to obtain signed certifications from six of the seven individuals who were required to complete the documentation. The questioned costs represent the salaries and fringes related to the individual whose certification was not obtained.</p> <p>Cause and Effect - Internal control procedures over allowable costs related to payroll certifications did not operate effectively as the County did not have procedures in place to ensure required semi-annual certifications were obtained and maintained. Inadequate documentation could lead to misallocation of payroll costs being applied to the grant.</p> <p>Recommendation - The County should ensure that the semi-annual certifications are signed by all individuals who spend 100 percent of their time on CDBG-related activities. In addition, the County should retain copies of the signed certifications.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Time certifications were obtained from all applicable employees by our previous deputy director of community development. Upon her departure, and the move to the Guardian Building, the time certification in question was misplaced. A filing system has been developed and an office manager position has been created to handle the filing. Additionally, a calendar has been developed that maintains all required reporting and recordkeeping dates. The division director and grants manager are responsible for ensuring that the calendar is adhered to and updated accordingly.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2009-5	<p>Program Name - Community Development Block Grant, CFDA #14.218, 2008 award, U.S. Department of Housing and Urban Development Grant</p> <p>Finding Type - Significant deficiency/Material weakness/Material noncompliance</p> <p>Criteria - Code of Federal Regulations Part 24 Section 570 requires the reporting of activities to the program's cognizant agency. In addition, these activities should be supported by the County's general ledger. The County is required to submit a Comprehensive Annual Performance Report (CAPR) and Summary Report (Form 60002) to HUD annually for the grant year.</p> <p>Condition - The CAPR and Form 60002 were not prepared and submitted to HUD for the grant year ended June 30, 2009.</p> <p>Questioned Costs – None</p> <p>Context - The CAPR and Form 60002 have not been prepared and submitted to HUD as of the date of this report. These reports have not been submitted to HUD as of the date of this report.</p> <p>Cause and Effect - Internal control procedures over reporting were not sufficient to ensure the County filed its required financial and performance reports for the grant year ended June 30, 2009 timely. Inadequate controls over reporting and the related reconciliations to the general ledger could lead to costs being allocated to the improper grant period and failure to comply with earmarking requirements.</p> <p>Recommendation - The County should ensure that adequate controls are in place to ensure its financial and performance reports are prepared and submitted timely. In addition, these processes should ensure the reports are properly reconciled to the general ledger prior to submission.</p> <p>Views of Responsible Officials and Planned Corrective Actions – The CAPR was not completed timely due to the fact that the responsible person left the division in August 2009. The County was not able to refill the position until after fiscal year end. A grants manager position has been created and the person will be responsible for creating and submitting the CAPR and other required forms each year on a timely basis.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2009-6	<p>Program Name - Community Development Block Grant/Neighborhood Stabilization Program, CFDA #14.218, U.S Department of Housing and Urban Development</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - The Office of the Inspector General (OIG) performed a capacity review of the County's Neighborhood Stabilization Program, citing the federal register dated October 6, 2008. In its communication to the County, the OIG stated that under the cited federal register, the County is required to develop internal control processes to ensure adequate controls are in place to prevent or detect noncompliance related to the administration of its grant funds.</p> <p>Condition - The Office of Inspector General issued a report dated January 12, 2010 that identifies concerns related to the internal control processes currently in place at the County to ensure the Neighborhood Stabilization Program is properly administered.</p> <p>Questioned Costs - None</p> <p>Context - The County received an award under the Neighborhood Stabilization Program. The County had not expended funds under the Neighborhood Stabilization Program as of September 30, 2009. The concerns in the report issued by the Office of Inspector General have not been fully resolved as of the date of this report.</p> <p>Cause and Effect - If appropriate internal control processes are not in operation, it has the potential to affect the County's ability to administer the federal program such that there is more than a remote likelihood that noncompliance with a compliance requirement of a federal program will occur.</p> <p>Recommendation - We recommend the County review its procedures related to the administration of its Neighborhood Stabilization Program to ensure that the concerns identified in the Office of Inspector General report are appropriately addressed and resolved.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Community Division (Division) of the Department of Economic Development and Growth Engine (EDGE) has reviewed the concerns outlined in the capacity review. Changes to the policies and procedures have been made, and other recommendations are being adopted as appropriate. The Division is working closely with the local HUD office, as directed in the capacity review, to adopt any additional practices that may be necessary to effectively manage the program.</p>

Charter County of Wayne, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2009

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2009-7	<p data-bbox="391 449 1430 520">Program Name - Community Development Block Grant, CFDA #14.218, 2008 award, U.S. Department of Housing and Urban Development Grant</p> <p data-bbox="391 573 1430 606">Finding Type - Significant deficiency/Material weakness/Material noncompliance</p> <p data-bbox="391 619 1430 915">Criteria - Code of Federal Regulations Part 24 Section 570.205 (24 CFR section 570.200(g)) requires that no more than 20 percent of the total grant, plus 20 percent of program income received during the program year be obligated during that year for activities that qualify as planning and administration. Code of Federal Regulations Part 24 Section 570.201 (e) requires that no more than 15 percent of the total grant, plus 15 percent of program income received during the preceding program year, be obligated during that year for public services.</p> <p data-bbox="391 930 1430 1037">Condition - The County was not able to provide documentation to support compliance with the planning and administration and public service thresholds for the applicable program years.</p> <p data-bbox="391 1052 800 1085">Questioned Costs - Unknown</p> <p data-bbox="391 1100 1430 1318">Context - The County expended funds under several grant year allocations in the current year. During the year, the County did monitor the spending of funds by subrecipients under the various program years to ensure recipients did not exceed original allocation. In the audit process, the County was not able to provide documentation to support overall compliance with the planning and administration and public service caps on a county-wide basis.</p> <p data-bbox="391 1333 1430 1556">Cause and Effect - Internal control procedures related to tracking of spending towards administration and planning and public service did not operate effectively as the County did not have procedures in place verify the overall allocation of expenses by program year to ensure that these costs were in compliance with the earmarking requirements. Inadequate controls could lead to spending in these categories in excess of the earmarking caps.</p> <p data-bbox="391 1570 1430 1677">Recommendation - The County should review its processes to ensure expenditures are tracked by grant year on a county-wide basis to provide assurance that all earmarking caps are complied with.</p> <p data-bbox="391 1692 1430 1988">Views of Responsible Officials and Planned Corrective Actions - The thresholds are normally tested as part of the compliance in preparing the CAPR. The person responsible for completing the report has left County employment and a grants management person was subsequently hired. The staff change occurred near the end of the County's fiscal year and the timing contributed to the documentation not being completed. The grants manager will prepare routine reconciliations between the grants reporting system (IDIS) and the general ledger.</p>



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