

**WASHTENAW COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2007



REHMANN ROBSON

Certified Public Accountants

**WASHTENAW COUNTY, MICHIGAN
SINGLE AUDIT**

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Agency/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance | Expenditures |
|---|---|---------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Passed through Michigan Department of Education: | | |
| Food Commodities - | | |
| Entitlement & Bonus Commodities 2006 | 10.550 | \$ 1,221 |
| School Breakfast Program: | | |
| National School Lunch/Breakfast | 10.553 | 6,092 |
| CACFP | 10.558 | 32,894 |
| National School Lunch Program: | | |
| National School Lunch | 10.555 | 24,525 |
| CACFP | 10.558 | 54,635 |
| Total Michigan Department of Education | | <u>119,367</u> |
| Passed through Michigan Department of Community Health: | | |
| Women, Infants and Children | 10.557 | 641,783 |
| Steps Up-FSNE | 10.557 | 31,091 |
| Total Michigan Department of Community Health | | <u>672,874</u> |
| Total U.S. Department of Agriculture | | <u>792,241</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | |
| Direct Programs: | | |
| Community Development Block Grant / Entitlement Grants | 14.218 | 842,164 |
| HOME Investment Partnerships Program | 14.239 | 551,754 |
| American Dream Downpayment Initiative | 14.239 | 36,775 |
| Total Direct Programs | | <u>1,430,693</u> |
| Passed through SOS Community Services, Inc. - | | |
| Supportive Housing Program | 14.235 | 161,147 |
| Total U.S. Department of Housing and Urban Development | | <u>1,591,840</u> |

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Agency/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance | Expenditures |
|---|---|---------------------|
| U.S. DEPARTMENT OF THE INTERIOR | | |
| Passed through Michigan Department of History, Arts and Libraries - | | |
| Historic Preservation Fund Grants-In-Aid | 15.904 | \$ 13,678 |
| U.S. DEPARTMENT OF JUSTICE | | |
| Direct Programs: | | |
| Violence Against Women | 16.590 | 224,060 |
| Local Law Enforcement Block Grant | 16.592 | 568 |
| Byrne Justice Assistance Grant | 16.738 | 12,948 |
| Total Direct Programs | | 237,576 |
| Passed through Michigan Department of Human Services - | | |
| Juvenile Accountability Incentive Block Grants: | | |
| Juvenile Accountability | 16.523 | 21,191 |
| Building Restorative Communities Grant | 16.540 | 57,124 |
| Federal Drug Court Grant Program | 16.585 | 54,727 |
| Total Michigan Department of Human Services | | 133,042 |
| Passed through the Office of Juvenile Justice and Delinquency Prevention - | | |
| National CASA Expansion Grant | 16.547 | 37,467 |
| Total U.S. Department of Justice | | 408,085 |
| U.S. DEPARTMENT OF TRANSPORTATION | | |
| Passed through Michigan Office of Highway Safety Planning - | | |
| State and Community Highway Safety: | | |
| Drive Michigan Safely | 20.600 | 51,510 |
| Drive Michigan Safely - Youth Alcohol | 20.600 | 9,291 |
| Total U.S. Department of Transportation | | 60,801 |

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Agency/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance | Expenditures |
|---|---|---------------------|
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | |
| Direct Program - | | |
| Brownfields Assessment and Cleanup Cooperative Agreements - Assessment Petroleum | 66.818 | \$ <u>40,757</u> |
| Passed through Michigan Department of Environmental Quality: | | |
| Allen Creek Rain Garden | 66.460 | 16,333 |
| Mallets Creek Drainage District | 66.458 | 46,770 |
| State Revolving Fund | 66.458 | 328,806 |
| Arsenic Rule | 66.468 | 2,700 |
| Operator Certification | 66.471 | <u>23,800</u> |
| Total Michigan Department of Environmental Quality | | <u>418,409</u> |
| Total U.S. Environmental Protection Agency | | <u>459,166</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| Direct Program - | | |
| Head Start | 93.600 | <u>3,311,446</u> |
| Passed through State Court Administration Office - | | |
| Access & Visitation | 93.597 | <u>10,260</u> |
| Passed through Michigan Department of Community Health: | | |
| Tuberculosis Control Programs | 93.116 | 15,032 |
| Immunization Grants: | | |
| Immunization Action Plan | 93.268 | 136,610 |
| Vaccines | 93.268 | 1,379,498 |
| VFC Provider Site Visits | 93.268 | 4,400 |
| Immunization Nurse Training | 93.268 | 1,950 |
| Immunization AFIX | 93.268 | 100 |
| CDC Emergency Prep. - Focus A | 93.283 | 229,753 |
| CDC Emergency Prep. - Plan Flu | 93.283 | 128,387 |
| Developmental Disabilities Basic Support - Advocacy Grant | 93.630 | 77,048 |

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Agency/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance | Expenditures |
|---|---|---------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | |
| Medical Assistance Program: | | |
| Medicare | 93.774 | \$ 325,966 |
| Care Coordination | 93.778 | 7,599 |
| Infant Mortality | 93.778 | 58,715 |
| Medicaid | 93.778 | (49,531) |
| QHP Medicaid | 93.778 | 68,840 |
| Medicaid - Full Cost (settlement) | 93.778 | 92,713 |
| Medicaid - Full Cost | 93.778 | 993,074 |
| Child Special Health Care | 93.778 | 31,911 |
| HIV Prevention Program - | | |
| HIV/AIDS Counseling and Testing | 93.940 | 86,135 |
| Maternal and Child Health Services Block Grant: | | |
| Local Maternal and Child Health | 93.994 | 109,008 |
| Nursing | 93.926 | 5,400 |
| STD | 93.991 | 27,249 |
| Child Special Health Care | 93.994 | 20,517 |
| | | <u>3,750,373</u> |
| Total Michigan Department of Community Health | | |
| Passed through Washtenaw Community Health Organization: | | |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 134,825 |
| Substance Abuse and Mental Health Services - | | |
| SPF/SIG | 93.243 | 32,133 |
| Community Mental Health Services Block Grant: | | |
| Jail Diversion | 93.958 | 56,250 |
| Child Respite | 93.958 | 10,160 |
| Cognitive Impairment | 93.958 | 40,812 |
| Omnibus Budget Reconciliation Act - | | |
| Preadmission Screenings and Annual Resident Reviews | 93.778 | 359,088 |
| Substance Abuse Prevention and Treatment Block Grant - | | |
| State Incentive Grant | 93.959 | 66,561 |
| | | <u>699,829</u> |
| Total Washtenaw Community Health Organization | | |
| Passed through the Michigan State University College of Nursing - | | |
| Diabetes, Endocrinology and Metabolism | 93.847 | 466 |

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Agency/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance | Expenditures |
|---|---|----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONCLUDED) | | |
| Passed through Michigan Department of Human Services: | | |
| Family Support Payments to States | 93.560 | \$ 447,675 |
| Child Support Enforcement: | | |
| Friend of the Court | 93.563 | 3,453,003 |
| Prosecuting Attorney | 93.563 | 404,675 |
| | | <hr/> |
| Total Michigan Department of Human Services | | 4,305,353 |
| | | <hr/> |
| Total U.S. Department of Health and Human Services | | 12,077,728 |
| | | <hr/> |
| OFFICE OF NATIONAL DRUG CONTROL POLICY | | |
| Passed through Michigan Department of State Police - | | |
| HIDTA - Southeastern Michigan: | | |
| 2006 - Management and Coordination Initiative | 07.000 | 165,000 |
| 2007 - ISDC | 07.000 | 374,282 |
| 2007 - LAWNET | 07.000 | 95,390 |
| 2007 - Management and Coordination Initiative | 07.000 | 488,263 |
| | | <hr/> |
| Total Office of National Drug Control Policy | | 1,122,935 |
| | | <hr/> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | |
| Passed through Michigan Department of State Police: | | |
| Homeland Security Grant Program | 97.067 | 411,685 |
| Emergency Management Performance Grant | 97.067 | 45,674 |
| | | <hr/> |
| Total U.S. Department of Homeland Security | | 457,359 |
| | | <hr/> |
| TOTAL FEDERAL AWARDS | | \$ 17,026,624 |
| | | <hr/> <hr/> |

WASHTENAW COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Washtenaw County, Michigan (the "County") and is presented on the accrual basis of accounting.

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.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Washtenaw County, Michigan provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|-----------------------------------|----------------------------|---|
| Women, Infants and Children | 10.557 | \$ 145,663 |
| Community Development Block Grant | 14.218 | 347,857 |
| Violence Against Women | 16.590 | 22,516 |
| CDC Emergency Preparation | 93.283 | 37,500 |
| Access & Visitation | 93.957 | 10,260 |
| State Incentive Grant | 93.959 | 23,973 |
| Head Start | 93.600 | 859,742 |
| Homeland Security Grant | 97.051 | 39,130 |
| Infant Mortality | 93.778 | 29,498 |

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**INDEPENDENT AUDITORS' 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***

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, 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 **WASHTENAW COUNTY, MICHIGAN**, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 7.26% of the assets and 19.96% of the revenues of the aggregate remaining fund information and 0.08% of the assets and 2.82% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 42.95% of the assets and 80.45% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinions, insofar as they relate to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, are based solely on the reports of the 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 Washtenaw County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washtenaw County, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 over financial reporting 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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency 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 presented or detected by the County'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. However, we believe that none of the significant deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Washtenaw County, 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 and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Washtenaw County in a separate letter dated March 24, 2008.

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

This report is intended solely for the information and use of the audit committee, management and 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.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

Compliance

We have audited the compliance of *Washtenaw County, Michigan* (the "County") 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 December 31, 2007. The County's major federal programs are identified in the summary of auditors' 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 County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 County'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 County's compliance with those requirements.

In our opinion, the County 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 December 31, 2007. However, the results of our auditing procedures disclosed 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 2007-2, 2007-3 and 2007-4.

Internal Control Over Compliance

The management of the County 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 County'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.

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 control.

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.

Our consideration of internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Schedule of Expenditures of Federal Awards

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 County, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 7.26% of the assets and 19.96% of the revenues of the aggregate remaining fund information and 0.08% of the assets and 2.82% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 42.95% of the assets and 80.45% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management, the governing body, others within the entity, and 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.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? X yes _____ no

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONCLUDED)

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------|--|
| 07.000 | High Intensity Drug Trafficking Area |
| 10.557 | Women, Infants and Children |
| 14.218 | Community Development Block Grants |
| 14.239 | Home Investment Partnership Program |
| 93.778 | Medical Assistance Program |

Dollar threshold used to distinguish
between Type A and Type B programs: \$509,515

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

2007-1 Significant Audit Adjustments

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition/Finding: During our audit, we identified and proposed five adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's Financial Statements. These adjustments included corrections for accrued interest receivable, accounts payable, capital assets, and accrued interest payable.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2007 -1 Significant Audit Adjustments (Concluded)

Effect: As a result the following areas were initially misstated:

- Accounts payable in the Parks and Recreation fund were understated by approximately \$220,000
- Construction in process for the Drains discretely presented component unit was overstated by approximately \$810,000
- Cash and interest revenue affecting multiple funds were overstated in total by \$120,000
- Accrued interest payable in the government-wide statement of net assets was understated by approximately \$540,000 with \$420,000 affecting prior years.

Recommendation/
Comment: We recommend that the County take steps to insure that all year end adjustments are identified and properly made for financial reporting purposes.

View of
Responsible
Official: The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-2 Allowable Cost Principles Relating to Payroll

07.000 HIDTA

Criteria: OMB Circular A-87, Attachment B, requires charges to federal programs to be supported by personnel activity reports or, in the case of staff who spend 100% of their time on a single federal program, semi-annual certifications.

Condition/Finding: Payroll certifications were not prepared until after being requested by the audit team.

Cause: The HIDTA supervisor and staff were unaware of the semi-annual certification requirement.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2007-2 Allowable Cost Principles Relating to Payroll (Concluded)

Effect: The County charged salary costs to a major program without sufficient documentation as required by OMB Circular A-87.

Recommendation/
Comment: Certifications should be prepared on a semi-annual basis directly following the period covered under the certification to fully comply with the circular OMB A-87 requirements.

View of
Responsible
Officials: The County has instructed HIDTA to prepare the semi-annual certifications in a timely way and notify the County when these are completed every six months.

2007-3 Suspended and Debarred Parties 07.000 HIDTA; 10.557 WIC; 14.218 CDBG

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”

Condition/Finding: When entering into covered transactions, the County has not verified suspension or debarment and/or has not maintained documentation of such verification.

Cause: Those responsible for administering the County’s HIDTA and WIC grants, including Purchasing and Finance, were unaware of this requirement. CDBG personnel were aware of the requirement; however, they did not retain adequate documentation to support the verification.

Effect: This condition increases the risk that the County will conduct business with a suspended or debarred vendor and be in violation of OMB Circular A-133.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONCLUDED)**

2007-3 Suspended and Debarred Parties (Concluded)

Recommendation/
Comment: We recommend that the County begin verifying that current vendors with contracts and projects over \$25,000 being funded from federal monies are not suspended or debarred or otherwise excluded.

View of
Responsible
Officials: The County will implement this recommendation immediately. The work will be coordinated through our Purchasing Division.

2007-4 Preparation of Financial Status Reports

07.000 HIDTA

Criteria: Federal financial reporting guidelines require that expenditure reports (standard form SF-269) be supported by and reconcile to the accounting system.

Condition/Finding: The expenditure reports filed for the HIDTA grant did not agree to the general ledger.

Cause: Apparently, HIDTA staff is unaware of the requirement that the expenditure report must reconcile to the general ledger.

Effect: The quarterly expenditure reports for the 2007 HIDTA grant, as submitted to the Office of National Drug Control Policy, were understated by approximately \$136,000 compared to the County's general ledger.

Recommendation/
Comment: We recommend that the County Finance Department review HIDTA grant expenditure reports before submission.

View of
Responsible
Officials: The County will implement this recommendation immediately.

WASHTENAW COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Concluded)
For the Year Ended December 31, 2007

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

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